200th Anniversary of Virginia's Capitol

Thomas Jefferson was in France as the United States' Minister Plenipotentiary in March, 1785 when he received a letter from the Directors of Public Buildings in Richmond requesting plans for Virginia's new capitol building. Jefferson enlisted French architect Charles-Louis Clerisseau to help produce the drawings and a plaster model of the proposed building, a revolutionary design inspired by the ancient Roman temple, the Maison Carree at Nimes, France.

This year, Virginians are celebrating the bicentennial of the laying of the cornerstone—the beginning of a building widely-recognized as the first example of Classical Revival architecture in America. Late in 1788, the General Assembly first met there, in an unfinished brick structure not completed until 1798 when it received a coat of stucco.

Over the past two centuries, as the grounds evolved from a sea of raw clay ravines into the city's most popular park, the Capitol has seen many dramatic events in American history, including many during the period of the Civil War, all played against the cyclical backdrop of the Commonwealth's executive, judicial, and legislative processes. Along the curving brick walkways of Capitol Square, monuments have arisen to Virginia's and the Nation's heroes, and the Capitol, itself, has undergone extensive renovations and a major expansion. Yet through war and peace, the State Capitol has survived as Virginia's most beloved landmark and as a symbol of its designer's belief in the sovereignty of the people.

Commonwealth of Virginia

S 8170-1

Annual Report of the Comptroller to the Governor of Virginia for the Fiscal Year Ended June 30, 1985

Charles S. Robb
Governor

Stuart W. Connock
Secretary of Finance

Edward J. Mazur
Comptroller

Prepared by: The Department of Accounts

Graphic design: Office of Graphic Communications, Division of Purchases & Supply, Department of General Services

Additional copies of this report may be obtained from the Comptroller, Commonwealth of Virginia, P.O. Box 6-N, Richmond, Virginia 23215.

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Office of the Comptroller

December 13, 1985

Edward J. Mazur, C.P.A.
Comptroller

P.O. Box 6-N
Richmond, Virginia 23215

The Honorable Charles S. Robb
Governor of the Commonwealth of Virginia
State Capitol
Richmond, Virginia

Dear Governor Robb:

In compliance with the provisions of Section 2.1-207 of the *Code of Virginia*, (1950), as amended, I hereby submit my report on the financial condition of the Commonwealth of Virginia for the fiscal year ended June 30, 1985. As further elaborated upon within the remainder of this letter, my report presents the performance of the Commonwealth on both the cash and the accrual bases of accounting. Under the cash basis, our performance resulted in a General Fund surplus of $47.1 million and a total balance in the General Fund of $343.9 million at June 30, 1985. Under the accrual basis, which we have employed in order to conform with financial reporting standards for governments, our performance resulted in a total General Fund balance of $422.7 million, of which $125.9 million was unreserved and undesignated. Performance under both of these bases of accounting has resulted in a continued strengthening of the General Fund of the Commonwealth, a positive achievement that will be well received by the members of the financial community who purchase the Commonwealth's bonds. This strengthening will also assist the State in maintaining its "triple A" bond rating.

This comprehensive annual financial report has been prepared in conformance with generally accepted accounting principles, except as noted in the Auditor's Opinion section of this report, and except as further amplified in the Notes to the Financial Statements. This conformance is the result of significant progress toward reporting in complete conformity with standards established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). For example, in this year's financial statements we have reflected the Higher Education Fund, for the first time, in accordance with the National Association of College and University Business Officers' *College and University Business Administration* (1982); and the American Institute of Certified Public Accountants' *Audits of Colleges and Universities* (1975). In addition, we have implemented a new lease accounting system, in accordance with SFAS Number 13, that has resulted in the reporting of $18 million in assets that the Commonwealth is currently leasing. We have also continued to implement the Statewide property management system, and have added an additional $1,046 million in fixed assets to the financial statements over fiscal year 1984.

This report also reflects continued progress in conforming to the recommendations of the Government Finance Officers Association regarding the format of comprehensive annual financial reports. Further, we are working to anticipate and respond to new requirements currently being established by the Governmental Accounting Standards Board.

The Commonwealth of Virginia remains in the forefront of states that are bringing their financial reporting into full compliance with generally accepted accounting principles. Maintaining a progressive position in the financial reporting area is consistent with our objective of providing the users of our financial statements, including those in the investment community, with a complete disclosure of financial position. It is also consistent with our objective of improving the ability of the State's senior management to evaluate the financial condition of the Commonwealth.

Management's Responsibilities

This report has been prepared by the Department of Accounts, whose management is responsible for the integrity and objectivity of the financial statements and other information presented herein. The combined financial statements are considered by management to present fairly the Commonwealth's financial position, results of operations, and changes in fund balances. We believe the data presented is accurate in all material respects and that all disclosures necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

In part, the basis for these conclusions relates to our assessment of the internal controls operating within the Commonwealth. The establishment of such internal controls requires estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost of controls should not exceed the benefits obtained. I believe the Commonwealth's internal accounting controls adequately safeguard its assets and provide reasonable assurance as to the proper recording of financial transactions. The Auditor of Public Accounts' opinion letter, covering his examination of the Commonwealth's financial statements for the year ended June 30, 1985, is included herein.

General Fund Condition—Budgetary Basis

The General Fund is an important point of focus in determining the overall financial condition of the Commonwealth. Virginia uses the cash basis of accounting for budgetary purposes. Under this basis, revenues and expenditures are recorded at the time cash is actually received or disbursed in accordance with the provisions of the Appropriations Act. This basis of accounting is widely accepted for budgetary purposes and has been used in Virginia for many years. My report includes statements and schedules that present the financial activity of the General Fund of the Commonwealth on a cash basis.

Figure 1 illustrates the fund balances of the General Fund at the end of each fiscal year since June 30, 1981, and highlights the undesignated portion. The undesignated portion denotes the surplus that existed at the end of each fiscal year.

Figure 2 illustrates the General Fund activity as planned by the General Assembly and as recorded in Chapter 619, Acts of Assembly. The budgeted amounts for capital outlay include $56.8 million in reappropriations from prior years, plus $194 million in additional capital

Fig. 1 **General Fund Balance—Cash Basis—Highlighting the Undesignated Fund Balance**
(Dollars in Millions)

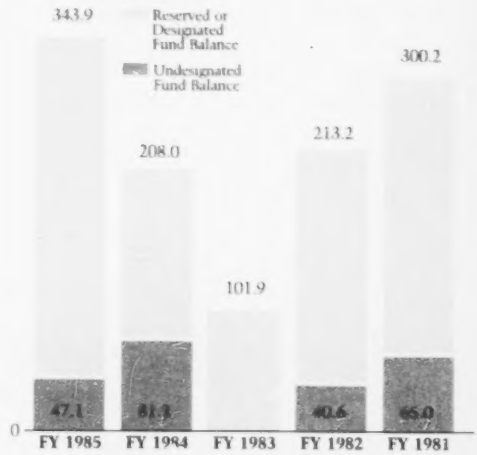


Fig. 2 **Analysis of General Fund Budget**
(Dollars in Millions)

	1984-86 Biennium	Biennium Breakdown FY 1985	FY 1986
Beginning Fund Balance:			
Operating	$ 43.0	$ 43.0	
Capital Outlay Reappropriations	56.8	56.8	
Total	99.8	99.8	$ 172.9
Estimated Revenues	7,912.0	3,795.9	4,116.1
Other Financing Sources	90.9	86.7	4.2
Total Available Funds	8,102.7	3,982.4	4,293.2
Appropriations [a]	(7,849.9)	(3,753.5)	(4,096.4)
Capital Outlay	(250.8)	(56.0)	(194.8)
Ending Fund Balance	$ 2.0	$ 172.9	$ 2.0

[a] Appropriations consist primarily of operating expenditures and transfers to the Higher Education Fund.

Fig. 3 **Analysis of Budget vs. Actual General Fund Activity**
(Dollars in Millions)

	Budget	Actual	Variance
Fund Balance, July 1, 1984	$ 43.0	$ 208.0	$ 165.0
Revenues, ABC Profits, and Appropriations Act Transfers	3,796.0	3,840.5	44.5
Appropriations Act Adjustment	86.7	—	(86.7)
Expenditures and Other Uses	(3,809.6)	(3,704.6)	105.0
Net Effect on Fund Balance	73.1	135.9	62.8
Fund Balance, June 30, 1985	$ 116.1	$ 343.9	$ 227.8

Fig. 4 **Summary of Accrued Receivables and Payables—General Fund**
(Dollars in Millions)

Receivables and Accrued Revenues:	
Transfer of 4th Quarter ABC Profits to General Fund	$ 8.0
Accounts Receivable	4.3
Taxes Receivable (Net)	8.5
Sales Taxes	123.8
Withheld Taxes Receivable	103.0
Total Receivables	247.6
Payables and Accrued Liabilities:	
Refunds Payable on Withheld Income Taxes	33.5
Accounts Payable	61.2
Sales Tax Due to Localities	69.3
ABC Profits Due to Localities	3.9
Other Payments Due to Localities	.9
Total Payables	168.8
Receivables and Accrued Revenues Over Payables and Accrued Liabilities	$ 78.8

outlays authorized by Chapter 619. The development and approval of the biennial budget is, in essence, the beginning of the financial transaction process. After approval of the budget by the legislature, budgetary control is maintained by a formal appropriation and allotment system. The budgeted amounts reflected in the accompanying financial statements represent summaries of departmental or agency budgets by "program."

Figure 3 illustrates the Governor's actions to stay within the limits of appropriations made by the General Assembly. The analysis of budget versus actual performance is derived from the statement in this report entitled, "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budgetary Basis—General and Special Revenue Funds." As Figure 3 indicates, the Commonwealth received $44.5 million more in revenues, ABC profits, and Appropriations Act transfers than planned. The increased revenues and reduced expenditures, together with a realization of an additional $165.0 million in balances carried over from the year ending June 30, 1984, resulted in $227.8 million more than planned being added to the fund balance of the General Fund.

General Fund Condition—Accrual Basis

Although the Commonwealth budgets and manages its financial affairs on the accepted cash basis of accounting, the nation's financial community has encouraged states to also include, in their annual reports, financial statements that are prepared on the accrual basis of accounting. This basis more adequately serves their analytical and other needs. As a result of these reporting needs, efforts have been underway since 1981 to conform Virginia's financial accounting practices to the requirements of generally accepted accounting principles (GAAP). As noted earlier, this progression toward conformance with GAAP has resulted in the inclusion in this year's report of the Higher Education Fund in accordance with the National Association of College and University Business Officers' *College and University Business*

Fig. 5 **Schedule of General Fund Revenue—Budgetary Basis**
For the Years Ended June 30, 1985, and 1984
(Dollars in Millions)[1]

	Actual			Budget		Projection	
	FY 1985	FY 1984	% FY 1985 Over (Under) FY 1984	FY 1985	% FY 1985 Actual Over (Under) Budget	[2]FY 1986 Revenue Estimates	% FY 1986 Estimates Over (Under) FY 1985 Actual
Individual Income Taxes	$ 1,948	$ 1,771	10.0	$ 1,951	(.2)	$ 2,182	12.0
Sales and Use Taxes	931	835	11.5	929	.2	993	6.7
Corporate Income Taxes	288	243	18.5	270	6.7	278	(3.5)
Public Service Corporations	138	122	13.1	129	7.0	142	2.9
Premiums of Insurance Companies	109	97	12.4	107	1.9	110	.9
Other Taxes	204	206	(1.0)	195	4.6	200	(2.0)
Other Revenues	173	124	39.5	164	5.5	163	(5.8)
Total Revenue	$ 3,791	$ 3,398	11.6	$ 3,745	1.2	$ 4,068	7.3

[1] Revenues exclude transfers.
[2] FY 1986 revenue estimates are from the 1985 Appropriations Act. Estimates are subject to revision by the Administration, with the approval of the General Assembly.

Administration (1982); and the American Institute of Certified Public Accountants' *Audits of Colleges and Universities* (1975). In addition, we have implemented a new lease accounting system, in accordance with SFAS Number 13, that has captured $18 million in assets that the Commonwealth is currently leasing. With the addition of $1,046 million in fixed assets to this year's balance sheet, significant strides have also been made in reporting the full value of the Commonwealth's fixed assets.

As required under the accrual basis of accounting, these financial statements reflect certain receivables and accrued revenues, amounting to $247.6 million, and certain accounts payable and accrued liabilities, amounting to $168.8 million. Receivables and accrued revenues exceeded accounts payable and accrued liabilities by $78.8 million at year-end. These items, which are illustrated in Figure 4, are transactions associated with the year ending June 30, 1985; however, the cash will not be received nor disbursed until fiscal year 1986.

Analysis of Revenues and Expenditures

General Fund revenue (excluding ABC and Appropriations Act Transfers) (Fig. 5) for the year ended June 30, 1985, was $3.8 billion, or 11.6% greater than the preceding year. The primary sources of this increase were a $177 million increase in Individual Income Taxes and a $96 million increase in Sales and Use Taxes. Revenue for the current year was 1.2% over the projected amount. As Figure 5 indicates, anticipated General Fund revenues for the coming fiscal year are expected to be approximately $4.1 billion, or 7.3% over fiscal year 1985.

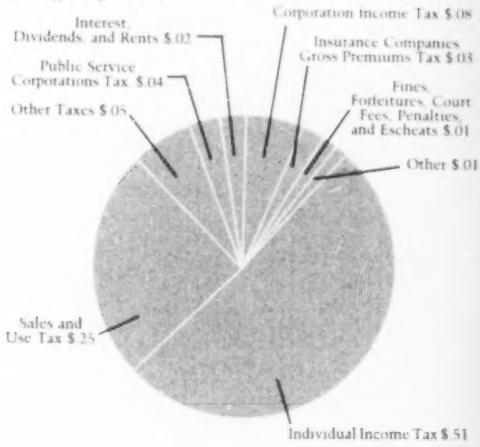
General Fund expenditures (Fig. 8) for the current year were $3.1 billion, or 11.7% greater than the preceding year. The primary areas which comprise this increase were a $181 million increase in Education and a $60 million increase in Individual and Family Services expenditures.

For informational purposes, Figures 6 and 9 present the composition of the revenue dollar for the General Fund and for all activities of the government, respectively. In a similar manner, Figures 7 and 10 present the composition of the expenditure dollar for the General Fund and for all activities of the government, respectively. These presentations are intended to provide information regarding the sources and uses of dollars received.

Debt Administration

Virginia has traditionally received excellent bond ratings from both Moody's Investors Service and Standard & Poor's Corporation, reflecting our long-standing record of sound fiscal management, our diversified economic base, and low-debt ratios. The Commonwealth funds substantial amounts of capital outlay expenditures from current revenues of the General Fund and from non-general fund sources each fiscal year and, accordingly, limits its issuance of bonded debt. A total of $326.7 million in bonds backed by the full faith and credit of the Commonwealth were outstanding at June 30, 1985. Of that amount, $241.2 million were being serviced from revenue-producing capital

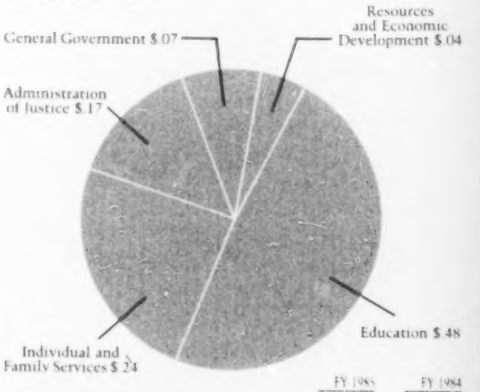
Fig. 6 **Revenue Dollar**
General Fund—Fiscal Year 1985
(Budgetary Basis)[1]


Corporation Income Tax $.08
Interest, Dividends, and Rents $.02
Insurance Companies Gross Premiums Tax $.03
Public Service Corporations Tax $.04
Fines, Forfeitures, Court Fees, Penalties, and Escheats $.01
Other Taxes $.05
Other $.01
Sales and Use Tax $.25
Individual Income Tax $.51

	FY 1985	FY 1984
Individual Income Tax	$ .51	$ .52
Sales and Use Tax	.25	.25
Corporation Income Tax	.08	.07
Public Service Corporations Tax	.04	.03
Insurance Companies Gross Premiums Tax	.03	.03
Other Taxes	.05	.06
Interest, Dividends, and Rents	.02	.02
Fines, Forfeitures, Court Fees, Penalties, and Escheats	.01	.01
Other	.01	.01
Total	$ 1.00	$ 1.00

[1]Revenues exclude transfers.

Fig. 7 **Expenditure Dollar**
General Fund—Fiscal Year 1985
(Budgetary Basis)

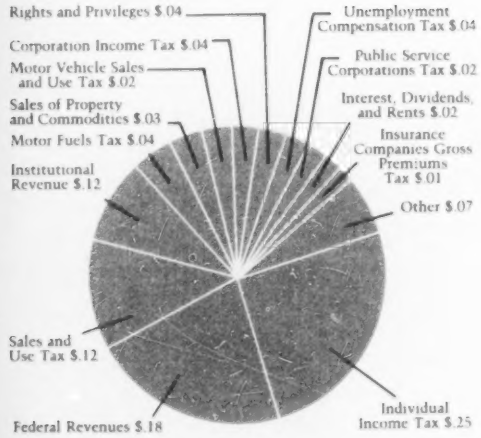


	FY 1985	FY 1984
Education	$ .48	$ .47
Individual and Family Services	.24	.24
Administration of Justice	.17	.18
General Government	.07	.07
Resources and Economic Development	.04	.04
Total	$ 1.00	$ 1.00

Fig. 8 **General Fund Expenditures By Function** (Budgetary Basis)
(Dollars in Millions)

	FY 1985	FY 1984	% Increase /Decrease	FY 1985 % of Total
General Government	$ 223	$ 203	9.9	7.3
Education	1,452	1,271	14.2	47.6
Transportation	8	7	14.3	.3
Resources and Economic Development	110	97	13.4	3.6
Individual and Family Services	718	658	9.1	23.5
Administration of Justice	534	489	9.2	17.5
Enterprises	5	6	(16.7)	.2
Total Expenditures	$3,050	$2,731	11.7	100.0

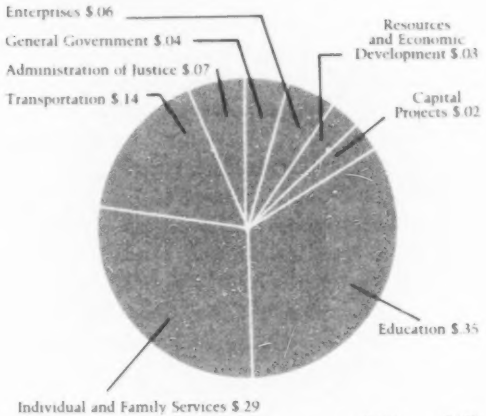
Fig. 9 **Revenue Dollar**
All Funds—Fiscal Year 1985
(Budgetary Basis)[1]


Rights and Privileges $.04
Unemployment Compensation Tax $.04
Corporation Income Tax $.04
Public Service Corporations Tax $.02
Motor Vehicle Sales and Use Tax $.02
Interest, Dividends, and Rents $.02
Sales of Property and Commodities $.03
Insurance Companies Gross Premiums Tax $.01
Motor Fuels Tax $.04
Institutional Revenue $.12
Other $.07
Sales and Use Tax $.12
Federal Revenues $.18
Individual Income Tax $.25

	FY 1985	FY 1984
Federal Revenues	$ .18	$ .19
Individual Income Tax	.25	.25
Sales and Use Tax	.12	.12
Institutional Revenue	.12	.12
Motor Fuels Tax	.04	.05
Sales of Property and Commodities	.03	.03
Corporation Income Tax	.04	.03
Rights and Privileges	.04	.04
Unemployment Compensation Tax	.04	.04
Public Service Corporations Tax	.02	.02
Interest, Dividends, and Rents	.02	.01
Insurance Co. Gross Premiums Tax	.01	.01
Motor Vehicle Sales and Use Tax	.02	.02
Other	.07	.07
Total	$ 1.00	$ 1.00

[1]Revenues include ABC Profit transfers, Appropriations Act transfers, and certain other transfers.

Fig. 10 **Expenditure Dollar**
All Funds—Fiscal Year 1985
(Budgetary Basis)



	FY 1985	FY 1984
Education	$ .35	$ .34
Individual and Family Services	.29	.30
Transportation	.14	.13
Administration of Justice	.07	.07
Enterprises	.06	.07
General Government	.04	.03
Capital Projects	.02	.03
Resources and Economic Development	.03	.03
Total	$ 1.00	$ 1.00

projects, primarily auxiliary enterprises of colleges and universities, and toll highways. Debt service payments and principal repayments on the balance of $85.5 million will be funded from General Fund tax revenues. Principal and interest payments on this portion of the Commonwealth's bonded debt were less than 0.5% of total General Fund expenditures in fiscal year 1985.

During fiscal year 1985, the Commonwealth issued $24.7 million in general obligation bonds, all of which financed revenue-producing projects operated by institutions of higher education. These bonds were rated "triple A" by both major rating agencies. In fiscal year 1986, the Commonwealth expects to issue approximately $100 million in long-term general obligation bonds, which will also be self-supporting.

Investments

The Commonwealth pools its surplus cash into a general account from which it makes investments in a variety of instruments. The average daily invested balance for the year ended June 30, 1985, amounted to $821.5 million. This balance was invested as follows: 14.3% in Repurchase Agreements, 37.7% in U. S. Government and Agency Securities, 45.3% in Money Market Securities, and 2.7% in Time Deposits. Maturities for these investments ranged from one day to five years. For fiscal year 1984-1985, the average yield on investments was 10.4%, as compared to a yield of 10% during fiscal year 1983-1984. Total interest received from available balances was $81.3 million. This represented an increase of $28.8 million from the previous year.

Public Benefit Corporations

Certain outside organizations have been determined to be part of the Commonwealth's financial reporting entity and are included as Public Benefit Corporations. Public Benefit Corporations are public corporations empowered by the *Code of Virginia* to provide certain services to the citizens of the Commonwealth, but which are not agencies of the Commonwealth. While these organizations are not State agencies, generally accepted accounting principles require that they be included as part of the Commonwealth's financial reporting entity. The basis for such inclusion principally relates to the power of the Governor to appoint a majority of the Board Members involved, who, in turn, formulate policy. An additional basis relates to requirements that organizations submit reports to the Governor.

This comprehensive annual financial report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with the highest standards of financial accountability.

Respectfully submitted,

Edward J. Mazur

Edward J. Mazur
Comptroller of the Commonwealth of Virginia

The Virginia Economy

The state government's financial health is closely related to the condition of the economy. This section of the report contains information developed by the Tayloe Murphy Institute at the University of Virginia and provides the reader with a brief review of the Commonwealth's economic performance in relation to the nation's during the past five years. The analysis and related graphs report information for the period from 1980 to 1984 and, whenever possible, for early 1985.

There have been two national recessions since 1980. The first was sharp but brief, lasting the first six months of 1980. The second was of longer duration, stretching 16 months from July 1981 to November 1982. During both recessions, real gross national product (GNP), a broad measure of the nation's output adjusted for inflation, experienced declines. In the current economic recovery, real GNP grew at an annual rate of 4.7% from the fourth quarter of 1982 to the second quarter of 1985. Recent indications are that GNP is growing at a slower rate, rising at only a 0.3% rate in the first quarter of 1985, and a 1.7% rate in the second quarter.

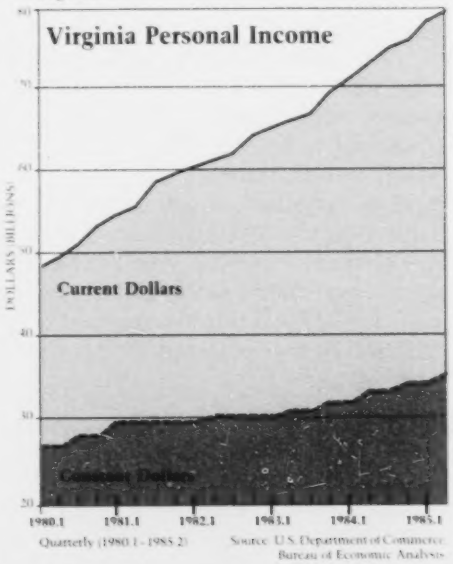
Although the national economy influences Virginia's economy, the Commonwealth fared better than the nation as a whole during the recessions. Virginia's personal income in real and current dollars grew throughout the five-year period (Figure 11), experiencing growth greater than the nation during the 1981–82 recession. More recently, the Commonwealth has been less affected by the recent slowdown in national economic growth; Virginia's share of national personal income (Figure 12) rose more during periods when the national economy did not perform well.

The per capita income figures (Figure 13) reflect the strong growth in Virginia's personal income. In 1981, Virginia's per capita personal income exceeded the nation's for the first time and has been higher since then. Virginia's 1984 per capita personal income was $13,254, compared to $12,789 for the nation and $12,253 for the South Atlantic.[1] On a percentage basis, Virginia's 1984 per capita personal income was 103.6% of the national average and 108% of the South Atlantic figure.

Inflation was a major national problem from before 1980 until 1982. The two recessions, however, were accompanied by a sharp drop in the inflation rate (Figure 14). Since the last recession trough in late 1982, the consumer price index has remained at a relatively steady 3% to 4% annual increase, whereas the producer price index has dipped into the negative range, and has only recently returned to a roughly zero percent change.

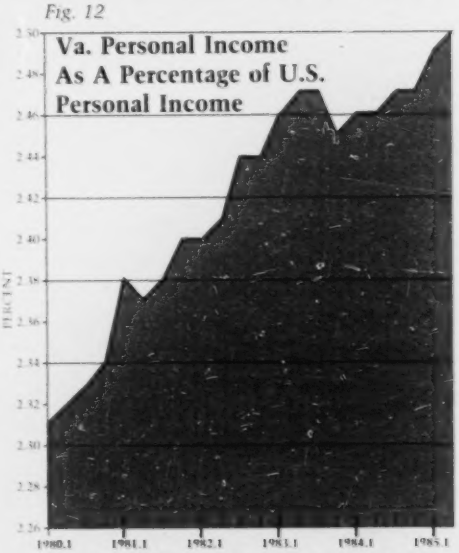
Rapid inflation was a major cause of rising interest rates as lenders demanded higher rates to offset the diminished purchasing power of the dollars they would receive in repayment. The prime rate (Figure 15) charged by banks to their best customers for short-term loans reached a new quarterly high (20.3%) in 1981. The prime rate started its downward trend during the second recession and reached a low of 10.5% during the second quarter of 1983. From then until the second quarter of 1984, the prime interest rate rose slightly. Since then, the prime has fallen back to the 10% range. Long-term notes (Figure 16) also reached new highs in 1981: 16.3% for new issues of high-grade corporate bonds and 16.0% for new home mortgages. The rates on new issues of high-grade corporate bonds did not stop their upward trend until after the onset of the second recession. During the 1983–84 period, bond yields rose again, but the move-

Fig. 11



Quarterly (1980.1–1985.2) Source: U.S. Department of Commerce, Bureau of Economic Analysis

Fig. 12



Quarterly (1980.1–1985.2) Source: U.S. Department of Commerce, Bureau of Economic Analysis

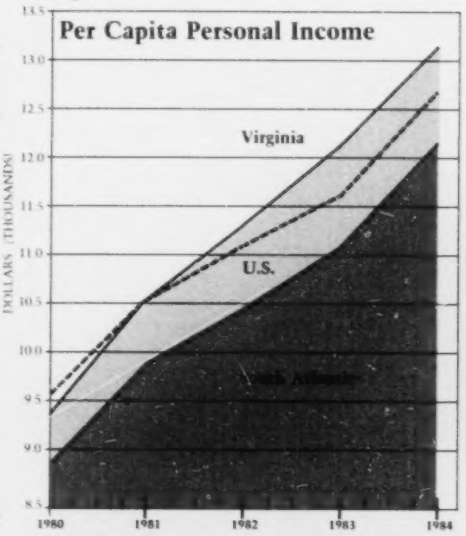
ment fell far short of the all-time highs and returned to about 12% by the second quarter of 1985. New home mortgage rates also declined rapidly during the second recession, and since then have remained relatively stable, in the 12% range.

Virginia's nonagricultural wage and salary employment (Figure 17) increased by 167,800 from 1980 to 1984. In relative terms, the 7.8% gain greatly exceeded the national increase of 4.5%, but fell short of the 14.4% gain made by the South Atlantic region (Figure 18). Among the major industries in Virginia, the largest numerical and percentage increases during the five-year period were in the service and trade sectors, which accounted for most of the total net increase.

Manufacturing; construction; finance, insurance, and real estate; federal government; and transportation and public utilities had modest employment gains throughout the five-year period. Mining, state government, and local government experienced overall declines during that period; however, manufacturing and construction employment declined during the recessions but rose from 1982 to 1984. Because of the two recessions, major growth in total nonagricultural employment occurred after 1982. From 1982 to 1984, nonagricultural employment increased by 179,000 with major employment gains coming from services (58,000), trade (50,600), construction (28,000), and manufacturing (19,900).

From 1980 to 1982, Virginia's unemployment rate (Figure 19) rose, reaching a high of 7.9% in early 1983. By the second quarter of 1985, the unemployment rate had fallen to 5.7%. Although the Virginia unemployment rate has followed a pattern similar to that of the national unemployment rate, it has consistently been at least 20% lower than the national average.

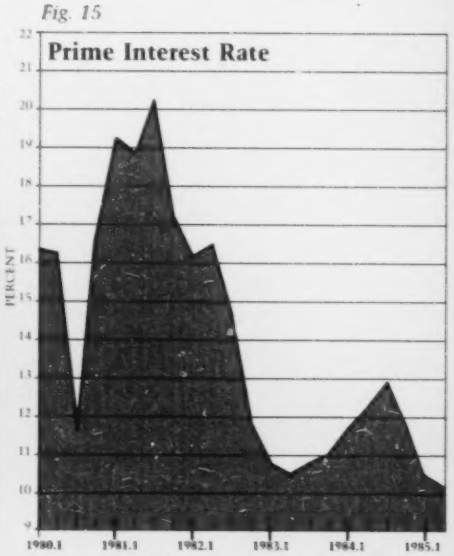
Fig. 13



Yearly (1980–1984)

Source: U.S. Department of Commerce, Bureau of Economic Analysis

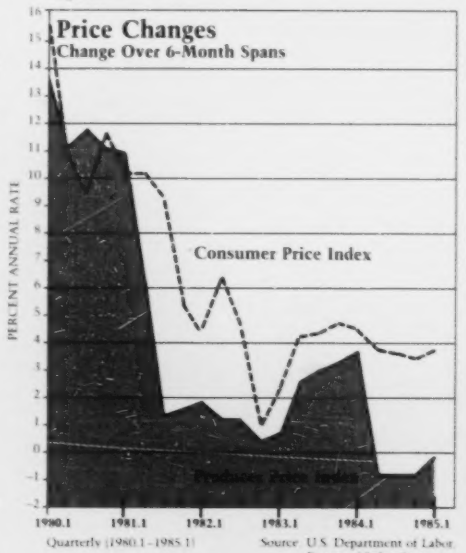
Fig. 15



Quarterly (1980.1–1985.2)

Source: Board of Governors, Federal Reserve System

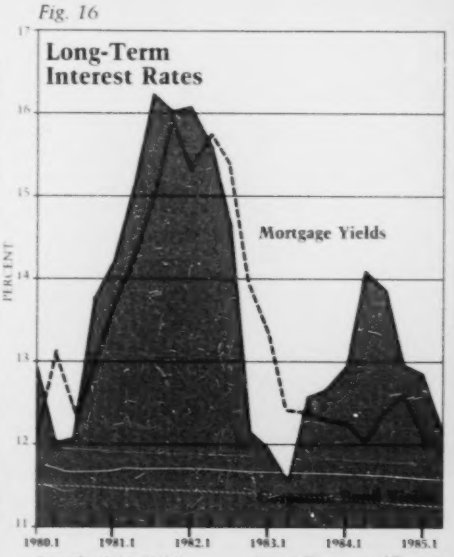
Fig. 14



Quarterly (1980.1–1985.1)

Source: U.S. Department of Labor, Bureau of Labor Statistics

Fig. 16



Quarterly (1980.1–1985.2)

Sources: Department of Treasury (Corporate Bond Yields); Federal Home Loan Bank Board (Home Mortgage Yields)

Fig. 17 **Virginia Nonagricultural Wage and Salary Employment**

Industry Group	Employment (In Thousands of Employees) 1980	1981	1982	1983	1984
Manufacturing	413.8	414.0	397.2	403.6	420.1
Mining	22.7	21.7	22.1	17.4	18.1
Construction	128.3	116.3	103.8	113.9	131.8
Transportation and Public Utilities	115.8	117.6	119.0	120.4	127.6
Wholesale and Retail Trade	451.2	460.4	462.4	480.2	513.0
Finance, Insurance and Real Estate	105.9	106.1	106.9	110.1	117.2
Services	408.3	418.3	434.8	460.4	492.8
Federal Government	156.4	156.7	160.7	162.9	167.6
State Government	121.4	123.2	120.9	120.1	118.5
Local Government	233.4	226.7	218.5	217.9	218.3
Total	2,157.2	2,161.0	2,146.3	2,206.9	2,325.0

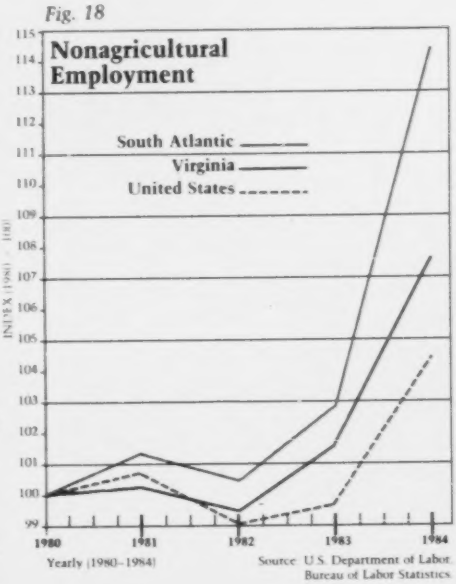
Source: Virginia Department of Labor and Industry

The number of Virginia residential building permits (Figure 20) is a good leading indicator of the health of the economy. The number of residential building permits declined before the onset of both recessions and then increased before the end of the recessions. During the recovery, lower mortgage rates stimulated housing. The number of permits has continued to rise, reaching a seasonally adjusted peak of 15,429 in the first quarter of 1985.

Taxable sales (Figure 21) under the Virginia sales and use tax (a fairly good proxy for retail sales) grew at an average annual rate of 11.2% from 1980 to the first quarter of 1985. Most of the gain prior to 1983 was a result of inflation since taxable sales during that period remained almost constant once adjustments were made for price increases. However, taxable sales adjusted for inflation rose steadily since the fourth quarter of 1982 to the fourth quarter of 1984, and showed a strong decline in the first quarter of 1985, rebounding sharply in the second quarter.

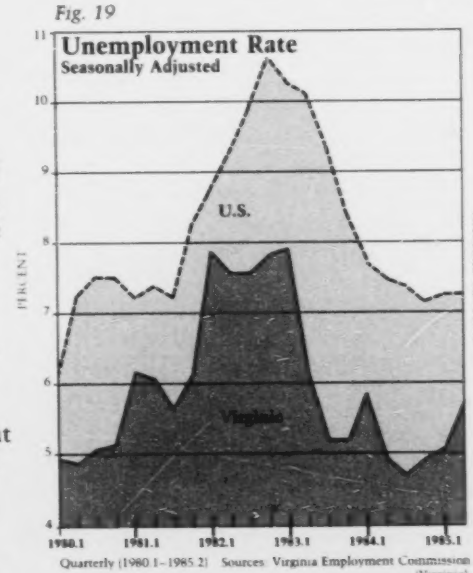
In summary, a review of the Virginia economy for the past five years indicates that economic activity in the Commonwealth moves in a similar direction as that of the nation. Virginia's economy, influenced by the end of the national recession in November of 1982, is currently expanding. The future outlook for Virginia largely depends on the same factors that cloud the national outlook—the large federal deficit, adverse balance of payments, and the possibility of renewed inflation.

Fig. 18



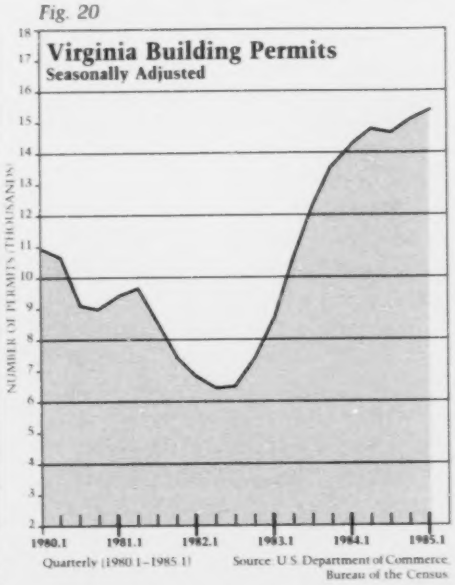
Yearly (1980–1984) Source: U.S. Department of Labor, Bureau of Labor Statistics

Fig. 19



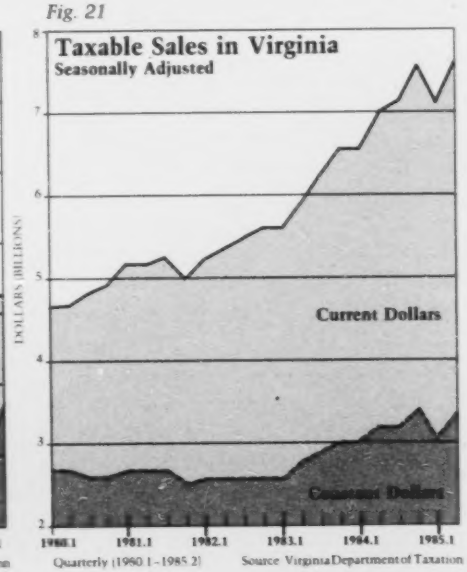
Quarterly (1980.1–1985.2) Sources: Virginia Employment Commission (Virginia), U.S. Department of Labor, Bureau of Labor Statistics (U.S.)

Fig. 20



Quarterly (1980.1–1985.1) Source: U.S. Department of Commerce, Bureau of the Census

Fig. 21



Quarterly (1980.1–1985.2) Source: Virginia Department of Taxation

[1]The South Atlantic region includes the states of Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, and the District of Columbia.

Organization of Government

As of July 1, 1985

Executive

Attorney General

Department of Law
Division of War Veterans Claims

Governor

Chief-of-Staff

Virginia Liaison Office

Secretary of the Commonwealth

Lieutenant Governor

Administration

Secretary of Administration
Commission on Local Government
Compensation Board
Department of Employee Relations Counselors
Department of General Services
Department of Information Technology
Department of Personnel and Training
Hazardous Waste Facility Siting Council
State Board of Elections
Virginia Supplemental Retirement System

Finance

Secretary of Finance
Department of Accounts
Department of the State Internal Auditor
Department of Planning and Budget
Department of Taxation
Department of the Treasury
Treasury Board

Human Resources

Secretary of Human Resources
Advocacy Department for the Developmentally Disabled
Council on Indians
Council on the Status of Women
Department for the Aging
Department of Health
Department of Health Regulatory Boards
Department of Medical Assistance Services
Department of Mental Health and Mental Retardation
Department of Rehabilitative Services
Department of Social Services
Department for Children
Department of Volunteerism
Governor's Employment and Training Department
Department for the Visually Handicapped
Department for the Deaf and Hard-of-Hearing
Virginia Health Services Cost Review Council

Commerce and Resources

Secretary of Commerce and Resources
Commission of Game and Inland Fisheries
Council on the Environment
Department of Agriculture and Consumer Services
Department of Commerce
Department of Conservation and Historic Resources
Department of Economic Development
Department of Housing and Community Development
Department of Labor and Industry
Department of Mines, Minerals and Energy
Marine Resources Commission
Milk Commission
State Air Pollution Control Board
State Department of Minority Business Enterprise
State Water Control Board
Virginia Employment Commission

Transportation and Public Safety

Secretary of Transportation and Public Safety
Commonwealth's Attorneys' Services and Training Council
Department of Alcoholic Beverage Control
Department of Aviation
Department of Corrections
Department of Criminal Justice Services
Department of Fire Programs
Department of Highways and Transportation
Department of Military Affairs
Department of State Police
Department of Motor Vehicles
Department of Correctional Education
State Department of Emergency Services
Virginia Parole Board
Virginia Port Authority

Education

Secretary of Education
Christopher Newport College
The College of William and Mary
George Mason University
The Science Museum of Virginia
Gunston Hall
University of Virginia
James Madison University
Virginia Commission for the Arts
Jamestown-Yorktown Foundation
Virginia Commonwealth University
Longwood College
Virginia Community College System
Mary Washington College
Virginia Military Institute
Norfolk State University
Virginia Museum of Fine Arts
Old Dominion University
Virginia Polytechnic Institute and State University
Radford University
Virginia State Library
State Council of Higher Education for Virginia
Virginia State University
State Department of Education

Legislative

Senate
House of Delegates
Auditor of Public Accounts
Commission on Veterans' Affairs
Division of Legislative Automated Systems
Division of Legislative Services
Joint Legislative Audit and Review Commission
Legislative Support Commission
Division of Capitol Police
Solid Waste Commission
Virginia Coal and Energy Commission
Virginia Code Commission
Virginia Commission on Intergovernmental Cooperation
Virginia State Crime Commission
Virginia Housing Study Commission
Water Commission

Judicial

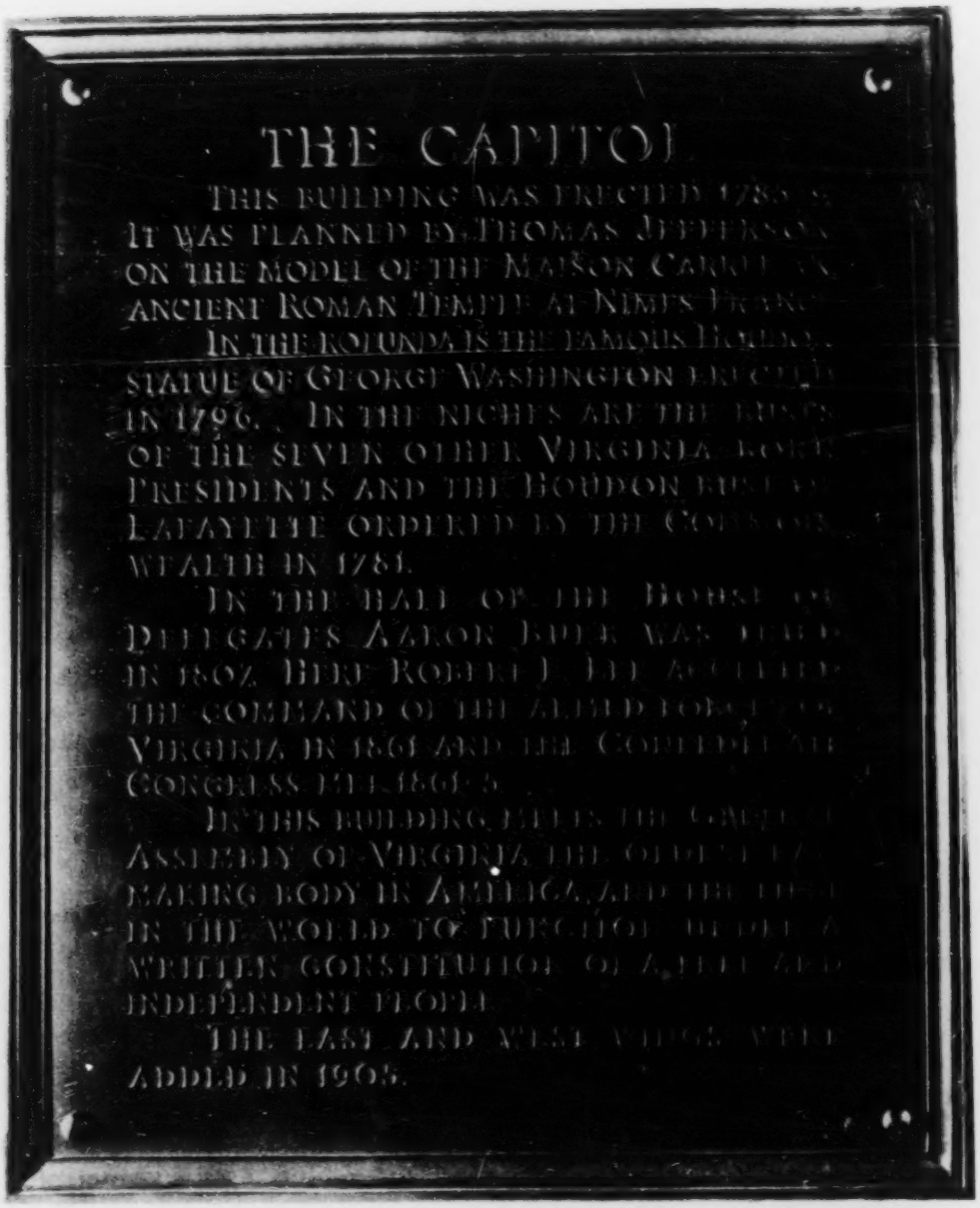
Supreme Court
Court of Appeals of Virginia
Circuit Courts
District Courts
Judicial Inquiry and Review Commission
Magistrate System
Public Defender Commission
State Board of Bar Examiners
Virginia State Bar

Independent Agencies

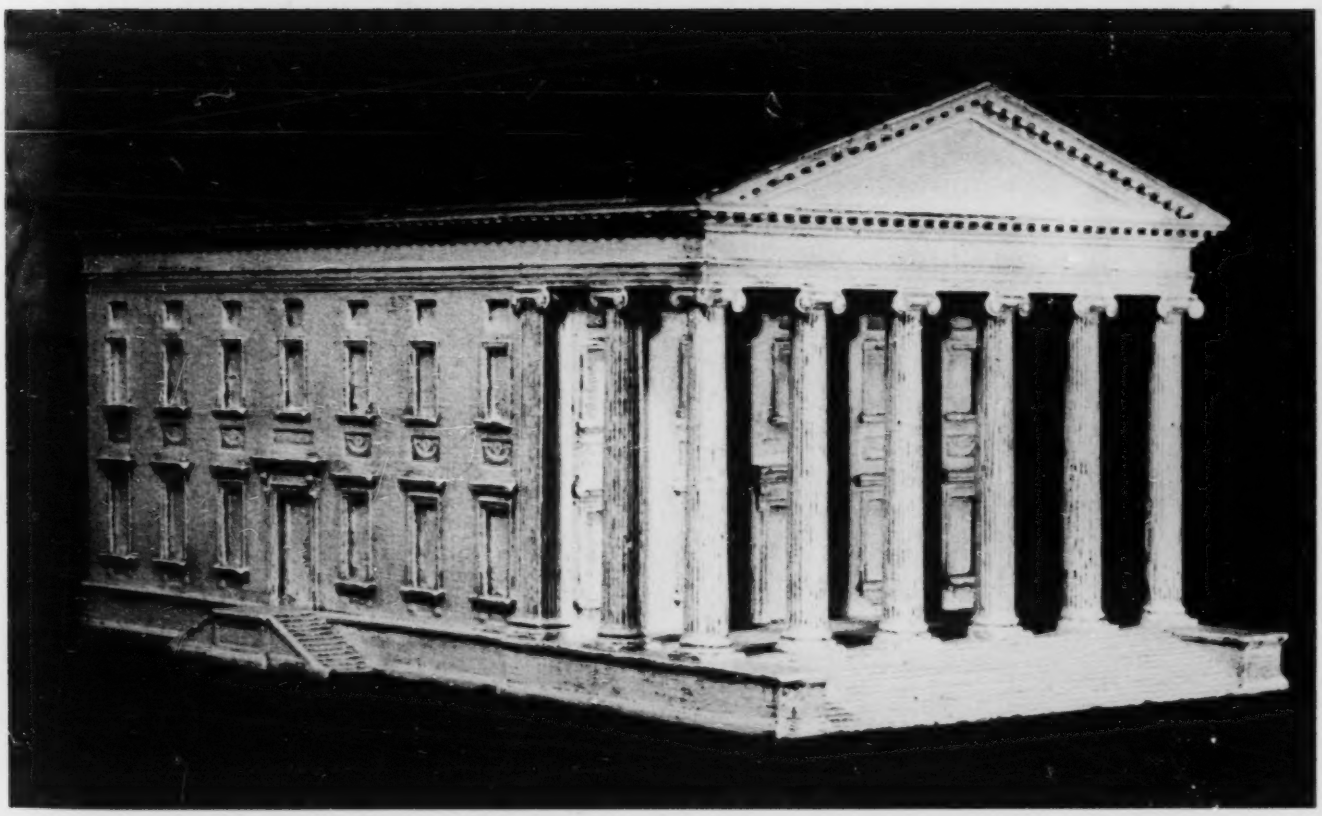
State Corporation Commission
Department of Workmen's Compensation

Public Benefit Corporations

Virginia Housing Development Authority
Virginia Education Loan Authority
Virginia International Terminals, Inc.
Virginia Resources Authority
State Education Assistance Authority

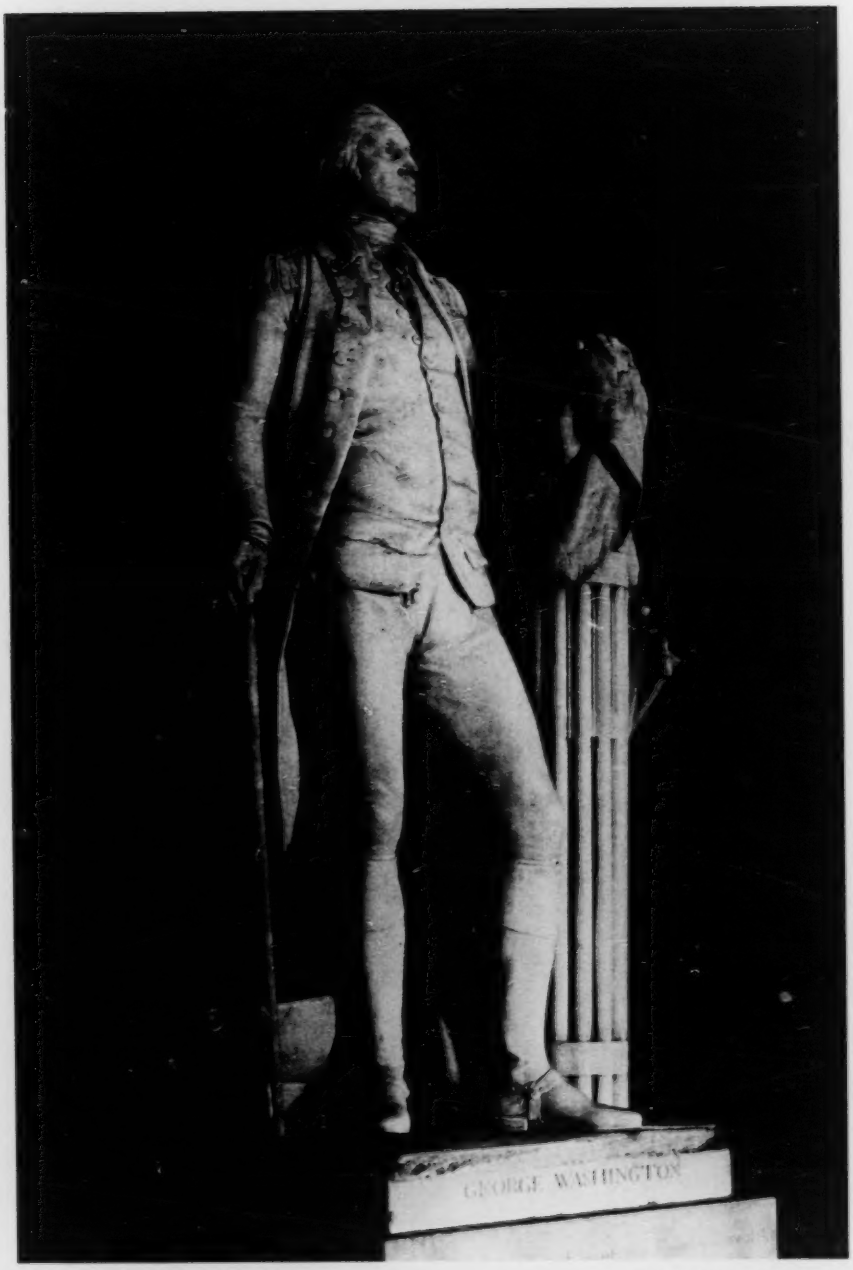

THE CAPITOL
THIS BUILDING WAS ERECTED 178
IT WAS PLANNED BY THOMAS JEFFERSON
ON THE MODEL OF THE MAISON CARRÉE
ANCIENT ROMAN TEMPLE AT NIMES FRANCE
IN THE ROTUNDA IS THE FAMOUS HOUDON
STATUE OF GEORGE WASHINGTON ERECTED
IN 1796. IN THE NICHES ARE THE BUSTS
OF THE SEVEN OTHER VIRGINIA BORN
PRESIDENTS AND THE HOUDON BUST OF
LAFAYETTE ORDERED BY THE COMMON-
WEALTH IN 1784.
IN THE HALL OF THE HOUSE OF
DELEGATES A LIKE WAS PLACED
IN 1802 BUST ROBERT E LEE ACCEPTED
THE COMMAND OF THE ALLIED FORCES OF
VIRGINIA IN 1861 AND THE CONFEDERATE
CONGRESS IN 1861-5
IN THIS BUILDING MEETS THE GENERAL
ASSEMBLY OF VIRGINIA THE OLDEST LEGIS-
LATIVE BODY IN AMERICA AND THE FIRST
IN THE WORLD TO FUNCTION UNDER A
WRITTEN CONSTITUTION OF A FREE AND
INDEPENDENT PEOPLE
THE EAST AND WEST WINGS WERE
ADDED IN 1905.

—VIRGINIA STATE LIBRARY



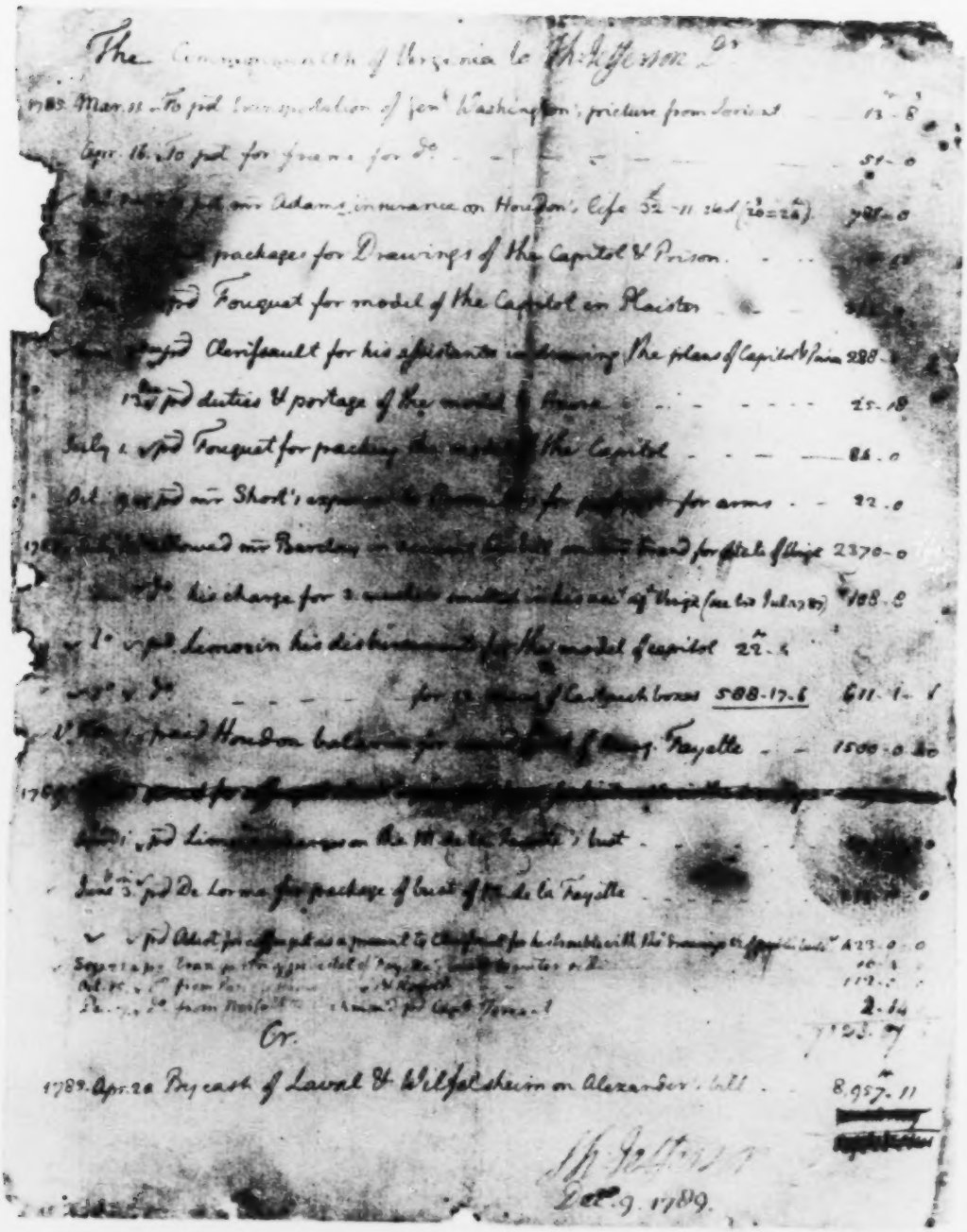
—VIRGINIA STATE LIBRARY

Thomas Jefferson commissioned Charles-Louis Clérisseau and his colleague, Bloquet, to make this plaster model of his proposed Capitol—in addition to the drawings—because "these [the model and drawings] are absolutely necessary for the guide of workmen not very expert in their art." Yet the Capitol building, as completed in the 1790's, failed to follow the design envisioned by Jefferson. The columns and pilasters of the south portico are fluted in this model, yet this refinement was omitted in the actual construction. Perhaps the most significant deviation from the model was the inclusion of Ionic pilasters down the full length of the east and west elevations. This priceless model survives and is displayed just off the Rotunda in the Capitol.



—VIRGINIA STATE LIBRARY

The French sculptor Jean Antoine Houdon was engaged by Thomas Jefferson, while serving as American Minister in Paris, to produce a likeness of Washington "of the finest marble and best workmanship." Houdon journeyed to Mount Vernon in the fall of 1785 to make a detailed record of the commander-in-chief, including a plaster bust. This statue, the only one of Washington executed from life, is carved of Carrara marble and was signed and dated (1788) by Houdon. Today, it stands in the center of the Capitol Rotunda, a treasured tribute to America's foremost Revolutionary War hero.



—VIRGINIA STATE LIBRARY

This invoice, dated December 9, 1789, was submitted by Thomas Jefferson to the Commonwealth of Virginia for, among other things, Houdon's work on the statue of Washington and the bust of General Lafayette, and for the preparation of the plaster model of the Virginia Capitol building. The sixth item on the ledger reads, "June 2nd pd. Clerrisault [sic] for his adjustments in drawing the plans of the Capitol and Prison £288.0." Although the plaster model has survived, Clérisseau's drawings have been lost.

—MARYLAND HISTORICAL SOCIETY

This pastoral view of the Capitol, from Shockoe Valley, drawn by Benjamin Henry Latrobe on May 24, 1798, dramatically contrasts the monumental scale of the new landmark with the common wood-frame house of the period, as seen in the foreground. Latrobe made the sketch in his notebook while standing beside the Quaker meeting house at what is now the corner of Cary and 19th streets looking west.

Shortly after his arrival in Virginia from England in 1798, Latrobe produced an invaluable series of watercolors of early Richmond views. He went on to design a number of Richmond's finest Neoclassical residences and the Virginia State Penitentiary before relocating his practice to Philadelphia and Washington, D.C.

Financial Section

General Purpose Financial Statements 18
Combining and Individual Fund Statements 51

Auditor's Opinion

WALTER J. KUCHARSKI
AUDITOR

Commonwealth of Virginia
AUDITOR OF PUBLIC ACCOUNTS
P. O. Box 1295
Richmond 23210

November 26, 1985

The Honorable Charles S. Robb
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable L. Cleaves Manning
Chairman, Joint Legislative Audit and Review Commission
General Assembly Building
Richmond, Virginia

Gentlemen:

We have examined the general purpose financial statements of the COMMONWEALTH OF VIRGINIA as of and for the year ended June 30, 1985, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As discussed in Note 5, we did not examine the financial statements of component units of the Commonwealth reported herein as Public Benefit Corporations. Those financial statements were examined by other auditors whose report thereon has been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included for Public Benefit Corporations, is based solely upon the report of other auditors.

The Department of Accounts has implemented a statewide fixed asset accounting system; however, all institutions of higher education and agencies of the Commonwealth have not completed the necessary inventories of their fixed assets. Accordingly, in our opinion, fixed asset amounts reported in the General Fixed Assets Account Group and Higher Education Fund do not include amounts necessary to conform with the requirements of generally accepted accounting principles.

In our opinion, based on our examination and the reports of other auditors, except for the effects of excluding the fixed assets of certain institutions of higher education and agencies, the general purpose financial statements referred to above present fairly the financial position of each of the fund types and account groups of the Com-

monwealth of Virginia at June 30, 1985, and the results of operations of such fund types and changes in financial position of the proprietary and fiduciary fund types for the year then ended, in conformity with generally accepted accounting principles which, except for the changes discussed in Note 12 to the financial statements, with which we concur, have been applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Commonwealth of Virginia. This information, and not the information in the Introductory or Statistical Sections, has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the fund types and account groups included in the general purpose financial statements taken as a whole. We express no opinion on the information in the Introductory or Statistical Sections.

Sincerely,

Walter J. Kucharski

AUDITOR OF PUBLIC ACCOUNTS

Combined Balance Sheet
All Fund Types and Account Groups

June 30, 1985

(Dollars in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets				
Cash and Investments	$329,000	$381,664	$34,745	$53,870
Cash and Investments with Trustees	—	—	—	—
Petty Cash and Travel Advances	3,582	1,157	—	—
Appropriations Available	—	—	—	—
Taxes, Loans, Accounts, and Other Receivables (Net) (Note 6)	239,910	164,396	—	—
Accrued Interest Receivable	12	—	—	—
Due from Other Funds (Note 7)	7,998	44,562	—	—
Loans Receivable From Proprietary Funds (Note 6)	12,938	—	—	—
Investments (Note 6)	—	—	—	—
Inventory (Note 6)	—	—	—	—
Prepaid Expenses	—	—	—	—
Deferred Charges	—	—	—	—
Other Assets	—	—	372	—
Property, Plant, and Equipment (Net) (Note 6)	—	—	—	—
Systems Development Costs (Net) (Note 6)	—	—	—	—
Amount Available for Retirement of Long-Term Debt	—	—	—	—
Amount to be Provided by the Commonwealth for Retirement of Long-Term Debt	—	—	—	—
Amount to be Provided by Other Sources for Retirement of Long-Term Debt	—	—	—	—
Unamortized Bond Issuance Expense	—	—	—	—
Total Assets	$593,440	$591,779	$35,117	$53,870
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	$60,882	$171,407	$ —	$ 3,545
Tax Refunds Payable	33,460	—	—	—
Amounts Due to Localities	74,173	—	—	—
Accrued Interest Payable	47	—	—	—
Deposits Pending Distribution	488	686	—	—
Due to Commercial Institutions	—	—	—	—
Notes Payable	—	—	—	—
Other Liabilities	—	—	—	—
Due to Other Funds (Note 7)	1,115	24,135	—	—
Loans Payable to the General Fund	—	—	—	—
Deferred Revenue (Note 5)	312	10,045	—	—
General Obligation Bonds	—	—	—	—
Transportation Bonds Payable	—	—	—	—
Higher Education Bonds Payable	—	—	—	—
Matured Interest Payable	—	—	12,423	—
Matured Debt Payable	—	—	4,842	—
Estimated Tax Refunds Payable on Withheld Income Taxes (Note 8)	—	—	—	—
Long-Term Debt of Virginia Port Authority, Virginia Public School Authority, and Virginia Public Building Authority (Note 8)	—	—	—	—
Bonds Payable—Public Benefit Corporations (Note 8)	—	—	—	—
Due to Program Participants, Escrows, and Providers	—	—	—	—
Capital Lease Obligations	—	—	—	—
Accrued Liability for Compensated Absences (Note 6)	263	126	—	—
Total Liabilities	170,740	206,399	17,265	3,545
Fund Equity:				
Investment in Plant	—	—	—	—
Investment in General Fixed Assets	—	—	—	—
Contributed Capital	—	—	—	—
Retained Earnings	—	—	—	—
Fund Balances:				
Reserved (Note 6)	12,938	—	—	—
Unreserved:				
Designated/Restricted	283,870	—	17,852	50,325
Undesignated/Unrestricted	125,892	385,380	—	—
Total Fund Equity	422,700	385,380	17,852	50,325
Total Liabilities and Fund Equity	$593,440	$591,779	$35,117	$53,870

The accompanying notes are an integral part of this financial statement.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups				Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Higher Education	Public Benefit Corporations	June 30, 1985	June 30, 1984
$ 3,698	$ 3,882	$ 481,665	$ —	$ —	$430,405	$56,938	**$1,775,867**	$1,590,012
—	—	393,855	—	—	—	—	**393,855**	203,656
100	28	120	—	—	—	—	**4,987**	5,285
—	—	—	—	—	110,231	—	**110,231**	—
1,773	9,840	280,325	—	—	165,652	1,904,344	**2,766,240**	2,555,853
—	—	44,593	—	—	3,811	31,884	**80,300**	71,637
—	—	—	—	—	36,919	—	**89,479**	58,502
—	—	—	—	—	—	—	**12,938**	14,375
—	—	4,431,480	—	—	327,882	829,948	**5,589,310**	4,767,185
28,611	10,921	388	—	—	17,607	5,640	**63,167**	73,359
6	490	—	—	—	2,648	1,013	**4,157**	1,329
—	—	—	—	—	—	—	—	41,045
—	—	26	—	—	40,694	—	**41,092**	4,044
10,359	34,611	789	531,674	—	2,046,766	8,901	**2,633,100**	1,602,028
—	—	—	—	—	—	268	**268**	176
—	—	—	—	17,852	—	—	**17,852**	215,092
—	—	—	—	491,817	—	—	**491,817**	820,724
—	—	—	—	319,537	—	—	**319,537**	327,826
—	—	—	—	—	—	2,313	**2,313**	1,880
$44,547	$59,772	$5,633,241	$531,674	$829,206	$3,182,615	$2,841,249	**$14,396,510**	$12,354,008
$ 6,384	$ 4,736	$103,583	$ —	$ —	$87,780	$25,750	**$464,067**	$357,594
—	—	—	—	—	—	—	**33,460**	22,336
—	—	56,327	—	—	—	—	**130,500**	99,818
—	—	1	—	—	—	52,972	**53,020**	43,618
—	—	7,158	—	—	27,487	—	**35,819**	11,346
500	13,106	—	—	—	—	—	**13,606**	9,293
—	—	—	—	—	4,510	1,489	**5,999**	75,691
3	2,267	9,446	—	—	10,842	3,384	**25,942**	100,208
17,907	—	—	—	—	46,322	—	**89,479**	58,502
8,000	4,938	—	—	—	—	—	**12,938**	14,375
578	117	4	—	—	30,144	7,257	**48,457**	34,090
—	—	—	—	85,475	—	—	**85,475**	92,050
—	—	—	—	57,000	—	—	**57,000**	104,000
—	—	—	—	—	506,380	—	**506,380**	293,311
—	—	—	—	—	—	—	**12,423**	14,066
—	—	—	—	—	—	—	**4,842**	4,901
—	—	—	—	227,490	—	—	**227,490**	214,189
—	—	—	—	335,077	—	—	**335,077**	343,803
—	—	—	—	—	—	2,402,926	**2,402,926**	1,970,722
—	—	121,910	—	—	—	34,455	**156,365**	131,239
698	1,360	—	—	8,201	6,396	—	**16,655**	—
4,458	1,589	221	—	115,963	31,001	347	**153,968**	162,155
38,528	28,113	298,650	—	829,206	750,862	2,528,580	**4,871,888**	4,157,307
—	—	—	—	—	1,692,577	—	**1,692,577**	1,045,561
—	—	—	531,674	—	—	—	**531,674**	506,641
728	3,880	—	—	—	—	2,228	**6,836**	6,838
5,291	27,779	—	—	—	—	310,441	**343,511**	288,052
—	—	4,404,665	—	—	—	—	**4,417,603**	3,731,894
—	—	929,926	—	—	164,954	—	**1,446,927**	1,055,192
—	—	—	—	—	574,222	—	**1,085,494**	1,562,523
6,019	31,659	5,334,591	531,674	—	2,431,753	312,669	**9,524,622**	8,196,701
$44,547	$59,772	$5,633,241	$531,674	$829,206	$3,182,615	$2,841,249	**$14,396,510**	$12,354,008

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)	
						Year Ended	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30, 1985	June 30, 1984
Revenues:							
Taxes	$ 3,642,114	$ 564,828	$ —	$ —	$ 282,936	**$ 4,489,878**	$ 4,159,713
Rights and Privileges	17,918	248,769	—	—	6,617	**273,304**	256,461
Sales of Property and Commodities	672	5,508	—	—	8,000	**14,180**	24,397
Assessments and Receipts for Support of Special Services	919	11,981	—	—	4,552	**17,452**	15,338
Institutional Revenue	2,508	159,079	—	—	976	**162,563**	158,243
Interests, Dividends, and Rents	91,944	4,284	16,544	6,184	83,838	**202,794**	116,338
Fines, Forfeitures, Court Fees, Penalties, and Escheats	31,828	4,554	—	—	15,693	**52,075**	51,079
Federal Grants, Contracts, and Revenue Sharing	—	1,263,256	—	—	34,903	**1,298,159**	1,210,726
Receipts from Cities, Counties, and Towns	1,034	73,615	—	—	—	**74,649**	65,598
Private Donations, Gifts, and Contracts	—	966	—	—	97	**1,063**	848
Other	26,430	32,880	—	—	7,251	**66,561**	30,067
Total Revenues	3,815,367	2,369,720	16,544	6,184	444,863	**6,652,678**	6,088,808
Expenditures:							
Current:							
General Government	220,117	15,935	—	—	6,639	**242,691**	216,253
Education	1,491,152	148,047	—	—	5,637	**1,644,836**	1,487,827
Transportation	8,776	1,060,261	—	—	10,559	**1,079,596**	912,156
Resources and Economic Development	110,512	87,949	—	—	2,622	**201,083**	173,885
Individual and Family Services	724,758	1,031,720	—	—	193,962	**1,950,440**	1,808,923
Administration of Justice	538,182	9,719	—	—	—	**547,901**	493,726
Enterprises	5,484	460	—	—	—	**5,944**	7,636
Capital Projects	—	—	—	78,391	—	**78,391**	164,446
Debt Service:							
Principal Retirement	—	—	27,770	—	—	**27,770**	29,832
Interest and Charges	—	—	35,567	—	—	**35,567**	25,101
Debt Defeasance	—	—	30,202	—	—	**30,202**	—
Total Expenditures	3,098,981	2,354,091	93,539	78,391	219,419	**5,844,421**	5,319,785
Revenues Over (Under) Expenditures	716,386	15,629	(76,995)	(72,207)	225,444	**808,257**	769,023
Other Financing Sources (Uses):							
ABC Profit Transfers	25,831	—	—	—	—	**25,831**	25,899
Appropriations Act Transfers	24,386	(14,812)	—	—	(1)	**9,573**	6,665
Operating Transfers In	556,946	851,932	53,867	58,660	6,369	**1,527,774**	767,993
Operating Transfers Out	(1,210,866)	(883,319)	(18,964)	(10,711)	(46,622)	**(2,170,482)**	(1,324,357)
Trust Fund Receipts Over Disbursements	—	8,767	—	—	26,045	**34,812**	78,293
Increase in Assets Held by Trustees	—	—	—	—	184,500	**184,500**	180,972
Proceeds from Sale of Bonds	—	—	—	—	—	**—**	115,567
Workmen's Compensation Receipts Over Disbursements	—	—	—	—	—	**—**	10,341
Proceeds from Capital Leases	6,954	2,418	—	—	1,976	**11,348**	—
Insurance Receipts Under Disbursements	—	—	—	—	(1,622)	**(1,622)**	—
Other Sources (Uses)	—	200	—	—	(154,231)	**(154,031)**	(156,434)
Total Other Financing Sources (Uses)	(596,749)	(34,814)	34,903	47,949	16,414	**(532,297)**	(295,061)
Revenues and Other Sources Over (Under) Expenditures and Other Uses	119,637	(19,185)	(42,092)	(24,258)	241,858	**275,960**	473,962
Fund Balance, July 1, as adjusted (Note 12)	303,063	404,565	59,944	74,583	912,808	**1,754,963**	1,359,710
Fund Balance, June 30	$ 422,700	$ 385,380	$ 17,852	$ 50,325	$ 1,154,666	**$ 2,030,923**	$ 1,833,672

The accompanying notes are an integral part of this financial statement.

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual—Budgetary Basis General and Special Revenue Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$3,580,400	$3,617,668	$37,268
Rights and Privileges	21,300	18,732	(2,568)
Sales of Property and Commodities	1,200	679	(521)
Assessments and Receipts for Support of Special Services	1,000	820	(180)
Institutional Revenue	3,100	2,737	(363)
Interest, Dividends, and Rents	86,400	92,088	5,688
Fines, Forfeitures, Court Fees, Penalties, and Escheats	26,400	31,542	5,142
Federal Grants, Contracts, and Revenue Sharing	—	—	—
Receipts from Cities, Counties, and Towns	1,200	1,028	(172)
Private Donations, Gifts, and Contracts	—	—	—
Other	23,900	25,524	1,624
Total Revenues	3,744,900	3,790,818	45,918
Expenditures:			
General Government	416,439	222,996	193,443
Education	1,434,987	1,451,904	(16,917)
Transportation	8,013	8,257	(244)
Resources and Economic Development	102,457	109,845	(7,388)
Individual and Family Services	696,031	718,284	(22,253)
Administration of Justice	504,752	533,744	(28,992)
Enterprises	5,564	5,349	215
Total Expenditures	3,168,243	3,050,379	117,864
Revenues Over Expenditures	576,657	740,439	163,782
Other Financing Sources (Uses):			
ABC Profit Transfers	24,300	25,284	984
Appropriations Act Transfers	26,800	24,386	(2,414)
Net Operating Transfers:			
Higher Education Fund (Educational and General)	(585,343)	(583,144)	2,199
Other Authorized Operating Transfers	—	(15,079)	(15,079)
Capital Outlay Transfers	(56,023)	(56,023)	—
Trust Fund Receipts Over Disbursements	—	—	—
Other Sources	86,722	—	(86,722)
Total Other Financing Uses	(503,544)	(604,576)	(101,032)
Revenues and Other Sources Over Expenditures and Other Uses	73,113	135,863	62,750
Fund Balance, July 1	42,996	208,013	165,017
Fund Balance, June 30 (Note 3)	$ 116,109	$ 343,876	$227,767

The accompanying notes are an integral part of this financial statement.

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 569,789	$ 564,429	$(5,360)	$4,150,189	$4,182,097	$ 31,908
236,896	246,127	9,231	258,196	264,859	6,663
4,084	5,316	1,232	5,284	5,995	711
11,757	11,449	(308)	12,757	12,269	(488)
100,410	160,943	60,533	103,510	163,680	60,170
1,226	4,928	3,702	87,626	97,016	9,390
7,455	4,517	(2,938)	33,855	36,059	2,204
1,437,241	1,249,212	(188,029)	1,437,241	1,249,212	(188,029)
40,546	58,915	18,369	41,746	59,943	18,197
755	894	139	755	894	139
34,819	31,766	(3,053)	58,719	57,290	(1,429)
2,444,978	2,338,496	(106,482)	6,189,878	6,129,314	(60,564)
11,497	15,925	(4,428)	427,936	238,921	189,015
141,043	133,173	7,870	1,576,030	1,585,077	(9,047)
1,124,123	1,021,366	102,757	1,132,136	1,029,623	102,513
119,857	87,587	32,270	222,314	197,432	24,882
1,000,907	1,021,229	(20,322)	1,696,938	1,739,513	(42,575)
7,283	9,521	(2,238)	512,035	543,265	(31,230)
892	862	30	6,456	6,211	245
2,405,602	2,289,663	115,939	5,573,845	5,340,042	233,803
39,376	48,833	9,457	616,033	789,272	173,239
—	—	—	24,300	25,284	984
(14,812)	(14,812)	—	11,988	9,574	(2,414)
—	—	—	(585,343)	(583,144)	2,199
—	(11,465)	(11,465)	—	(26,544)	(26,544)
(19,922)	(19,922)	—	(75,945)	(75,945)	—
—	8,767	8,767	—	8,767	8,767
—	200	200	86,722	200	(86,522)
(34,734)	(37,232)	(2,498)	(538,278)	(641,808)	(103,530)
4,642	11,601	6,959	77,755	147,464	69,709
122,222	387,291	265,069	165,218	595,304	430,086
$ 126,864	$ 398,892	$ 272,028	$ 242,973	$ 742,768	$ 499,795

Combined Statement of Revenues, Expenses, and Changes in Fund Equity
All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)	
					Year Ended	
	Enterprise	Internal Service	Pension Trust	Non-expendable Trust	June 30, 1985	June 30, 1984
Operating Revenues:						
Charges for Sales and Services	$ 248,099	$ 112,558	$ —	$ 4,438	**$ 365,095**	$ 355,891
Contributions	—	—	576,392	10	**576,402**	481,907
Other	—	—	591	8,172	**8,763**	8,340
Total Operating Revenues	248,099	112,558	576,983	12,620	**950,260**	846,138
Operating Expenses:						
Cost of Sales and Services	165,629	63,902	—	3,843	**233,374**	229,570
Personal Services	35,625	17,068	—	127	**52,820**	47,926
Contractual Services	3,983	6,663	—	—	**10,646**	9,711
Supplies and Materials	3,356	3,462	—	—	**6,818**	6,577
Grants and Distributions to Localities	84	17	—	—	**101**	178
Expendable Equipment	225	604	—	—	**829**	420
Depreciation	1,497	10,016	90	6	**11,609**	7,726
Rent, Insurance, and Other Related Charges	3,653	6,093	—	—	**9,746**	13,480
Pension Fund	—	—	266,258	—	**266,258**	253,676
Other	186	2,448	—	8,457	**11,091**	7,753
Total Operating Expenses	214,238	110,273	266,348	12,433	**603,292**	577,017
Operating Income	33,861	2,285	310,635	187	**346,968**	269,121
Nonoperating Revenues (Expenses):						
Net Gain on Sale of Investments	—	—	136,402	118	**136,520**	72,274
Interest, Dividends, and Rents	(1,622)	(1,582)	264,949	420	**262,165**	226,467
Discounts	—	97	—	—	**97**	112
Gain (Loss) on Sale of Fixed Assets	27	(285)	—	—	**(258)**	159
Grants and Shared Revenue	249	—	—	—	**249**	310
Other	362	41	—	(188)	**215**	(127)
Total Nonoperating Revenues (Expenses)	(984)	(1,729)	401,351	350	**398,988**	299,195
Transfers:						
ABC Profit Transfers	(25,831)	—	—	—	**(25,831)**	(25,899)
Appropriations Act Transfers	(6,480)	(2,434)	—	—	**(8,914)**	(6,663)
Operating Transfers In	674	—	399,179	—	**399,853**	296,706
Operating Transfers Out	—	(775)	(397,120)	—	**(397,895)**	(294,200)
Total Transfers	(31,637)	(3,209)	2,059	—	**(32,787)**	(30,056)
Income (Loss) from Operations	1,240	(2,653)	714,045	537	**713,169**	538,260
Cumulative Effect—Leases	(159)	97	—	—	**(62)**	—
Income (Loss) Before Extraordinary Items	1,081	(2,556)	714,045	537	**713,107**	538,260
Loss on Condemnation of Real Estate	(164)	—	—	—	**(164)**	—
Net Income (Loss)	917	(2,556)	714,045	537	**712,943**	538,260
Change In Contributed Capital	(51)	49	—	—	**(2)**	779
Fund Equity, July 1, as adjusted (Note 12)	5,153	34,166	3,459,475	5,868	**3,504,662**	2,965,611
Fund Equity, June 30	$ 6,019	$ 31,659	$ 4,173,520	$ 6,405	**$4,217,603**	$3,504,650

The accompanying notes are an integral part of this financial statement.

Combined Statement of Changes in Financial Position
All Proprietary Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)	
	Enterprise	Internal Service	Pension Trust	Nonexpendable Trust	Year Ended June 30, 1985	June 30, 1984
Sources of Working Capital:						
Operations:						
Income (Loss) Before Extraordinary Item:	$ 1,081	$ (2,556)	$ 714,045	$ 537	**$ 713,107**	$ 538,260
Items Not Requiring Working Capital:						
Depreciation	1,497	10,016	90	6	**11,609**	7,726
Amortization	—	—	(7,532)	—	**(7,532)**	(7,585)
Loss (Gain) on Sale of Fixed Assets	(27)	285	—	—	**258**	145
Compensated Absences	83	251	40	1	**375**	188
Working Capital Provided by Income Before Extraordinary Item	2,634	7,996	706,643	544	**717,817**	538,734
Loss from Extraordinary Item	(164)	—	—	—	**(164)**	—
Items Not Requiring Working Capital:						
Loss on Condemnation of Real Estate	164	—	—	—	**164**	—
Total Working Capital Provided by Operations	2,634	7,996	706,643	544	**717,817**	538,734
Increase in Capital Appropriated	—	49	—	—	**49**	779
Increase in Long-Term Debt Payable	699	12,681	—	—	**13,380**	8,068
Sale of Fixed Assets	60	220	6,424	—	**6,704**	404
Addition in Retained Earnings Due to Prior-Period Adjustment	—	5	—	—	**5**	111
Total Sources of Working Capital	3,393	20,951	713,067	544	**737,955**	548,096
Uses of Working Capital:						
Decrease in Capital Appropriated	51	—	—	—	**51**	—
Acquisition of Property, Plant, and Equipment	1,999	20,123	607	2	**22,731**	20,875
Reduction in Long-Term Debt Payable	1,500	10,949	—	—	**12,449**	6,056
Increase in Long-Term Investments	—	—	607,273	142	**607,415**	411,078
Reduction in Retained Earnings Due to Prior-Period Adjustment	—	—	—	—	**—**	680
Total Uses of Working Capital	3,550	31,072	607,880	144	**642,646**	438,689
Net Increase (Decrease) in Working Capital	$ (157)	$ (10,121)	$ 105,187	$ 400	**$ 95,309**	$ 109,407
Elements of Net Increase (Decrease) in Working Capital:						
Cash and Investments	$ 716	$ (8,649)	$ 1,124	$ 361	**$ (6,448)**	$ (5,639)
Securities	—	—	93,490	75	**93,565**	104,303
Receivables	(257)	1,984	10,734	(53)	**12,408**	10,403
Inventories	294	1,308	—	46	**1,648**	3,565
Prepaid Expenses	1	317	—	—	**318**	19
Payables, Deposits, and Other Liabilities	(895)	(5,722)	475	(29)	**(6,171)**	(3,783)
Retirement Benefits Payable	—	—	(1,694)	—	**(1,694)**	(1,728)
Retirement Refunds Payable	—	—	1,058	—	**1,058**	548
Deferred Revenue	(16)	641	—	—	**625**	1,719
Net Increase (Decrease) in Working Capital	$ (157)	$ (10,121)	$ 105,187	$ 400	**$ 95,309**	$ 109,407

The accompanying notes are an integral part of this financial statement.

Combined Statement of Changes in Fund Balances
Higher Education Fund

For the Fiscal Year Ended June 30, 1985
(Dollars in Thousands)

	Current Funds		Loan Funds	Endowment and Similar Funds
	Unrestricted	Restricted		
Revenues and Other Additions:				
Unrestricted Current Fund Revenues	$ 888,949	$ —	$ —	$ —
State Appropriations–Unrestricted	—	489	—	—
State Appropriations–Restricted	2,028	20,017	59	—
Federal Appropriations–Unrestricted	—	12,385	—	—
Federal Grants and Contracts–Restricted	—	152,553	669	15
State Grants and Contracts–Restricted	—	10,812	—	—
Local Grants and Contracts–Restricted	118	7,391	—	—
Private Gifts, Grants, and Contracts–Restricted	—	44,745	25	4,047
Investment Income	40	3,315	380	264
Endowment Income	—	11,296	55	37
Interest on Loans Receivable	—	2	1,651	—
U.S. Government Advances	—	—	457	—
Expended for Plant Facilities	—	—	—	—
Retirement of Indebtedness	—	—	—	—
Realized Gain on Investments	—	—	11	40,604
Other Sources	257	3,832	438	130
Total Revenues and Other Additions	891,392	266,837	3,745	45,097
Expenditures and Other Deductions:				
Educational and General Expenditures	938,282	225,422	—	344
Auxiliary Enterprise Expenditures	176,180	338	—	—
Hospital Expenditures	316,276	291	—	—
Independent Operations Expenditures	914	95	—	—
Indirect Costs Recovered	—	24,969	—	—
Refunded to Grantors	—	141	28	—
Loan Cancellations	—	—	203	—
Administrative and Collection Costs	—	2	1,532	—
Expended for Plant Facilities	—	—	—	—
Retirement of Plant Facilities	—	—	—	—
Retirement of Indebtedness	—	—	—	—
Interest on Indebtedness	—	—	—	—
Write-Down of Plant Assets	—	—	—	—
Cumulative Effect–Capital Leases	—	—	—	—
Additional Plant Indebtedness	—	—	—	—
Loss From Extinguishment of Debt	—	—	—	—
Other	—	22	—	74
Total Expenditures and Other Deductions	1,431,652	251,280	1,763	418
Transfers Among Funds:				
Mandatory:				
Debt Service and Other	560,090	286	85	(3)
Nonmandatory:				
Debt Service and Other	(1,654)	(4,780)	236	65
(To)/From Other Funds	(21,820)	(2,612)	721	3,743
Total Transfers	536,616	(7,106)	1,042	3,805
Net Increase (Decrease) for the Year	(3,644)	8,451	3,024	48,484
Fund Balance, July 1, as adjusted (Note 12)	83,090	57,033	49,837	251,550
Fund Balance, June 30	$ 79,446	$ 65,484	$ 52,861	$ 300,034

The accompanying notes are an integral part of this financial statement.

Plant Funds					Total
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Eliminations	June 30, 1985
$ —	$ —	$ —	$ —	$ —	$ 888,949
—	—	—	—	—	489
77,890	8,066	—	—	—	108,060
—	—	—	—	—	12,385
1,135	417	—	—	—	154,789
—	957	—	—	—	11,769
1,579	320	—	—	—	9,408
4,399	—	—	3,590	—	56,806
3,533	39	3,935	4	—	11,510
110	—	—	—	—	11,498
—	—	—	—	—	1,653
—	—	—	—	—	457
—	—	—	165,256	(67,167)	98,089
—	—	—	22,127	(22,127)	—
—	—	—	—	—	40,615
1,942	—	1,186	—	—	7,785
90,588	9,799	5,121	190,977	(89,294)	1,414,262
—	471	—	—	—	1,164,519
—	32	—	16	—	176,566
—	—	—	—	—	316,567
—	—	—	—	—	1,009
—	37	—	—	—	25,006
48	4	—	—	—	221
—	—	—	—	—	203
369	—	—	—	—	1,903
62,365	4,802	—	—	(67,167)	—
—	—	2,459	6,778	—	9,237
—	—	22,127	—	(22,127)	—
—	—	19,779	—	—	19,779
—	—	—	1,260	—	1,260
—	—	—	116	—	116
1,514	—	—	—	—	1,514
1,340	—	—	—	—	1,340
78	—	—	—	—	174
65,714	5,346	44,365	8,170	(89,294)	1,719,414
32,560	14	47,512	130	—	640,674
6,322	265	2,186	(2,606)	—	34
19,235	220	555	—	—	42
58,117	499	50,253	(2,476)	—	640,750
82,991	4,952	11,009	180,331	—	335,598
74,963	5,119	62,317	1,512,246	—	2,096,155
$ 157,954	$ 10,071	$ 73,326	$ 1,692,577	$ —	$ 2,431,753

Combined Statement of Revenues, Expenses, and Changes in Fund Equity Public Benefit Corporations

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Totals Year Ended June 30, 1985	Totals Year Ended June 30, 1984
Operating Revenues:		
Interest, Dividends, and Rents	$273,380	$216,962
Special Allowance Income	11,471	12,456
Charges for Sales and Services	47,691	39,284
Other	364	266
Total Operating Revenues	332,906	268,968
Operating Expenses:		
Interest Expense	203,862	167,520
Personal Services	13,783	12,300
Cost of Sales and Services	31,295	23,850
Commitment Fees	—	94
Rent, Insurance, and Other Related Charges	18,180	12,214
Depreciation	1,260	1,147
Amortization	66	45
Contractual Services	3,038	3,272
Supplies and Materials	728	581
Expendable Equipment	148	115
Other	3,504	3,073
Total Operating Expenses	275,864	224,211
Operating Income	57,042	44,757
Nonoperating Revenues:		
Net Gain on Sale of Investments	44	87
Total Nonoperating Revenues	44	87
Net Income	57,086	44,844
Fund Equity, July 1, as adjusted (Note 12)	255,583	210,739
Fund Equity, June 30	$312,669	$255,583

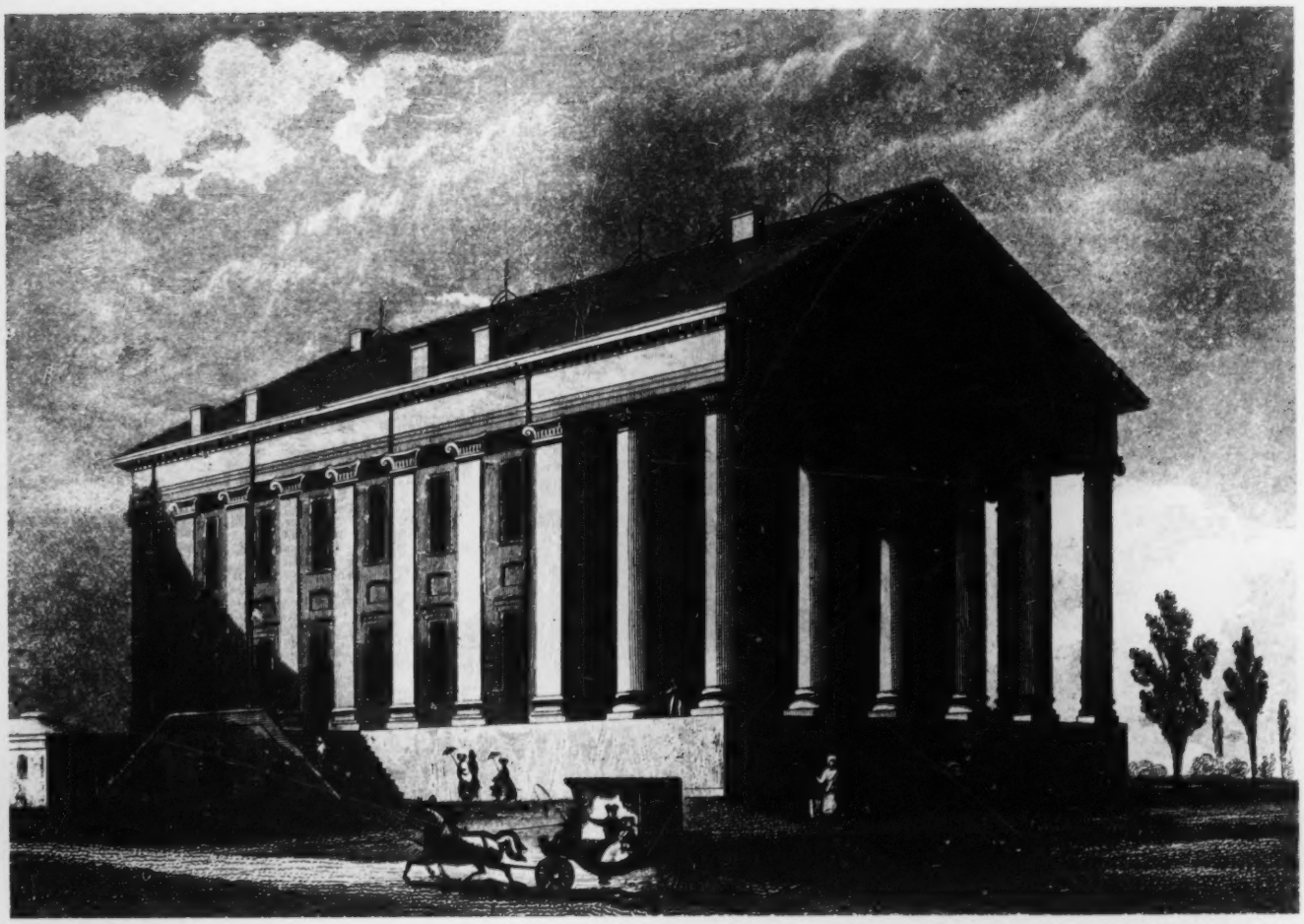
The accompanying notes are an integral part of this financial statement.

Combined Statement of Changes in Financial Position
Public Benefit Corporations

For the Fiscal Year Ended June 30, 1985
(Dollars in Thousands)

	Totals Year Ended June 30, 1985	Totals Year Ended June 30, 1984
Sources of Working Capital:		
Operations:		
Net Income	$ 57,086	$ 44,844
Items not Requiring Working Capital:		
Amortization	66	45
Depreciation	1,260	1,147
Loss on Sale of Fixed Assets	23	54
Compensated Absences	22	—
Working Capital Provided by Operations	58,457	46,090
Sale of Fixed Assets	70	30
Increase in Long-Term Debt Payable	375,267	300,081
Total Sources of Working Capital	433,794	346,201
Uses of Working Capital:		
Acquisition of Property, Plant, and Equipment	2,188	2,004
Increase in Bond Issuance Expense	433	285
Increase in Systems Development Cost	157	128
Increase in Long-Term Investments	843	1,938
Decrease in Long-Term Debt Payable	18,052	—
Total Uses of Working Capital	21,673	4,355
Net Increase in Working Capital	$412,121	$341,846
Elements of Net Increase in Working Capital:		
Cash and Investments	$ (5,075)	$ 17,377
Receivables	310,657	303,948
Securities	130,336	(32,689)
Inventories	313	(724)
Prepaid Expenses	12	665
Payables, Deposits, and Other Liabilities	(17,254)	60,644
Deferred Revenue	(522)	(724)
Due to Program Participants	729	(396)
Escrows	(7,075)	(6,255)
Net Increase in Working Capital	$412,121	$341,846

The accompanying notes are an integral part of this financial statement.



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The 1831 engraving by W. Goodacre, Jr. shows the Capitol with its second generation of side entrance stairs on the west elevation, similar in design to those of the Bloquet plaster model. The raised basement necessitated the construction of a higher stair than had been planned. And in order to allow more light into the basement, the ceremonial stairs were eliminated from the south portico. Jefferson and many of his contemporaries felt that the lack of south portico stairs was an unfortunate shortcoming that should have been corrected immediately to conform with the building's inspiration, the Maison Carrée. However, it was not until the 1904 expansion that the steps were finally added on the south. To the left in the background can be seen the low Neoclassical saucer dome of Richmond's first City Hall, built in 1817 from plans by Robert Mills and Maximilian Godefroy.

Notes to the Financial Statements

Notes to the Financial Statements

June 30, 1985

1. FINANCIAL STATEMENTS AND DESCRIPTIONS OF FUNDS AND ACCOUNT GROUPS:

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), and the Financial Accounting Standards Board (FASB), and in accordance with the National Association of College and University Business Officers (NACUBO), *College and University Business Administration* (1982) and the American Institute of Certified Public Accountants' (AICPA) *Audits of Colleges and Universities* (1975) for institutions of higher education.

For financial reporting purposes, the Commonwealth of Virginia includes all funds and account groups, and all agencies, boards, commissions, and authorities that are controlled by, or are dependent upon, the Commonwealth and whose financial transactions are recorded in the State accounting system or included through year-end adjustments.

B. Fund Structure

The accompanying financial statements are presented in five classifications of funds and two account groups. The fund classifications include governmental funds, proprietary funds, fiduciary funds, the Higher Education Fund, and Public Benefit Corporations. Account groups are presented for general fixed assets and general long-term obligations. The fund classifications and a description of each existing fund type and account group follow:

(1.) Governmental Funds

Transactions related to the acquisition, use, and balances of the government's expendable financial resources received and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in governmental funds. The governmental fund measurement focus is upon determination of financial position (sources, uses, and balances of financial resources), rather than on net income determination. Governmental funds include:

a. **General Fund**—Reflects transactions related to resources received and used for those services traditionally provided by a-state government, which are not accounted for in any other fund. These services include general government, legislative, public safety, judicial, health and mental health, human resources, licensing and regulation, and primary and secondary education.

b. **Special Revenue Funds**—Reflect transactions related to resources received and used for restricted or specific purposes. The Special Revenue Funds include transactions related to resources used in support of public health services, welfare costs, agriculture, state park services, and highway maintenance and construction.

c. **Debt Service Fund**—Reflects transactions related to resources retained and used for the payment of interest and principal on those long-term obligations recorded in the General Long-Term Obligations Account Group.

d. **Capital Projects Fund**—Reflects transactions related to resources received and used for the acquisition, construction, or improvement of governmental fund capital facilities.

(2.) Proprietary Funds

Transactions related to commercial activities operated by the Commonwealth are accounted for in the proprietary funds. These funds differ from governmental funds in that the focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

a. **Enterprise Funds**—Reflect transactions related to resources received and used for financing self-supporting activities of the Commonwealth that offer products and services on a user-charge basis to the general public. These funds reflect the activities of:

- The Department of Alcoholic Beverage Control (ABC), which operates facilities for the distribution and sale of distilled spirits and wine to the general public, and enforces the Commonwealth's alcoholic beverage statutes;
- The Virginia Industries for the Blind, a unit within the Virginia Department for the Visually Handicapped, which manufactures products for sale to federal, state, and local governments, certain private organizations, and the general public; and,
- The gift shop and food services activities of the Virginia Museum of Fine Arts.

b. **Internal Service Funds**—Reflect transactions related to the financing and sale of goods or services provided by agencies of the Commonwealth to other agencies and institutions of the Commonwealth. The goods and services furnished are charged to the recipient agency or institution on a cost-reimbursement basis.

(3.) Fiduciary Funds

Transactions related to assets held in a trust or agency capacity by the Commonwealth are accounted for in fiduciary funds. The Com-

monwealth's fiduciary funds include Pension Trusts, Nonexpendable Trusts, Expendable Trusts, and Agency Funds as follows:

a. **Pension Trust Funds**—Reflect the transactions, assets, liabilities, and fund equities of Commonwealth-administered retirement systems (see Note 13).

b. **Nonexpendable Trust Funds**—Reflect the transactions, assets, liabilities, and fund equities of trusts whose principal must be maintained intact and whose income is used to fund the activity. These trusts are at the Department of Corrections to provide certain inmate services; the Department of Agriculture to provide farm realty loans to low and moderate income farmers; and the Virginia Museum of Fine Arts to support expendable trusts at the Museum by transferring investment income to these trusts.

c. **Expendable Trust Funds**—Reflect the transactions, assets, liabilities, and fund equities of trusts whose principal and income may be used for the purposes of the trust. These trusts include those for educational programs at museums and funds for unemployment and workmen's compensation.

d. **Agency Funds**—Reflect amounts held in trust by the Commonwealth for others. Agency funds include those funds established to account for sales tax deposits, employee benefits (including the deferred compensation plan), and Medicaid payments.

(4.) **Account Groups**

Account groups are used to establish accounting control and accountability for the Commonwealth's general fixed assets, and the unmatured principal of its general long-term debt and other long-term obligations of governmental funds. General fixed assets do not represent financial resources available for appropriation and expenditure, nor does the unmatured principal of general long-term debt and other long-term obligations require current appropriation and expenditure of governmental fund financial resources.

a. **General Fixed Assets Account Group**—Accounts for general fixed assets that are not accounted for in the proprietary funds and similar trust funds, Higher Education Fund, or the Public Benefit Corporations. The Commonwealth has developed and implemented a Statewide automated fixed assets accounting system, which facilitates the reporting of the Commonwealth's general fixed assets. Implementation of the system is not complete; however, the General Fixed Assets Account Group includes the majority of the land, buildings, and EDP equipment owned by the Commonwealth. In the opinion of management, these assets represent a materially significant percentage of the State's total capital assets.

b. **General Long-Term Obligations Account Group**—Accounts for obligations that are not recorded as current liabilities in governmental funds. These obligations include those that are backed by the full faith and credit of the Commonwealth—unmatured and unredeemed long-term general obligation bonds payable, estimated tax refunds payable, obligations for accrued employee sick and vacation leave, and capital lease obligations—as well as those obligations of the Virginia Public School Authority, Virginia Public Building Authority, and Virginia Port Authority which are not backed by the Commonwealth, but are included in the Commonwealth's reporting entity. Unmatured long-term debt relating to obligations of the proprietary funds and similar trust funds, Higher Education Fund, and Public Benefit Corporations is accounted for within the respective funds.

(5.) **Higher Education Fund**

The Higher Education Fund reflects transactions related to resources received and used for the operation of the Commonwealth's institutions of higher education and related medical teaching hospitals.

(6.) **Public Benefit Corporations**

Reflect transactions related to entities which are not agencies of the State but are includable in the Commonwealth's financial reporting entity under the provision of NCGA Statement 3, "Defining the Governmental Reporting Entity." The Commonwealth has no responsibility for the debt of these entities nor does the Commonwealth claim any right to the assets of these organizations. The following entities have been included as Public Benefit Corporations:

- Virginia Housing Development Authority which is empowered by the Code of Virginia to finance housing intended for occupancy or ownership, or both, by families of low and moderate income;

- Virginia Education Loan Authority which is empowered by the Code of Virginia to provide loans to eligible students at institutions of higher education and vocational schools;

- Virginia International Terminals, Incorporated which operates several marine terminals for the Virginia Port Authority;
- Virginia Resources Authority which encourages the investment of both public and private funds and makes loans and grants available to local governments to finance water and sewer projects; and,
- State Education Assistance Authority which buys, sells, endorses, and guarantees obligations of students and their parents at public or private institutions of higher education. The proceeds of such obligations are required to be used for the educational purposes of such students.

2. BASIS OF ACCOUNTING FOR FUNDS

Governmental Fund Types, Expendable Trust Funds, and Agency Funds—The accounts of the General, Special Revenue, Debt Service, Capital Projects, Expendable Trust, and Agency Funds are presented on a modified accrual basis. Under the modified accrual basis of accounting, revenues and other financial resources are recognized in the accounting period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. Material revenues susceptible to accrual include federal grants and income and sales taxes. Expenditures and other uses of financial resources are recognized when the related liability is incurred, except for items that are not planned to be liquidated with expendable available resources.

Proprietary Fund Types, Pension and Nonexpendable Trust Funds, and Public Benefit Corporations—The accounts of these funds are presented on the accrual basis. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

Higher Education Fund—The Higher Education Fund is presented on the accrual basis.

3. BUDGET

The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the Legislature. Accordingly, data presented for both budget and actual in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General and Special Revenue Funds is on a cash basis.

The following schedule summarizes the budget for the biennium according to Chapter 619, 1985 Acts of Assembly:

Analysis of General Fund Budget
(Dollars in Millions)

	1984–86 Biennium	Biennium Breakdown FY 1985	FY 1986
Beginning Fund Balance:			
Operating	$ 43.0	$ 43.0	
Capital Outlay Reappropriations	56.8	56.8	
Total	99.8	99.8	$ 172.9
Estimated Revenues	7,912.0	3,795.9	4,116.1
Other Financing Sources	90.9	86.7	4.2
Total Available Funds	8,102.7	3,982.4	4,293.2
Appropriations [a]	(7,849.9)	(3,753.5)	(4,096.4)
Capital Outlay	(250.8)	(56.0)	(194.8)
Ending Fund Balance	$ 2.0	$ 172.9	$ 2.0

[a] Appropriations consist primarily of operating expenditures and transfers to the Higher Education Fund.

Since the presentation of financial data on a cash basis differs from that presented under generally accepted accounting principles, a schedule reconciling the fund balance on a cash basis at June 30, 1985, to the fund balance on a modified accrual basis follows:

Fund Balance Comparison
Cash Basis to GAAP Basis
(Dollars in Thousands)

	General Fund	Special Revenue Funds		
		Highway Fund	Other Special Revenue Funds	Total
Fund Balance, June 30, 1985:				
Cash Basis	$343,876	$276,746	$122,146	$398,892
Add (Deduct)				
1985 Accrued Revenues:				
Taxes	235,357	—	—	—
Tax Refunds	(33,460)	—	—	—
Other Revenue	12,292	38,427	119,593	158,020
1985 Accrued Expenditures	(135,365)	(103,812)	(67,720)	(171,532)
Fund Balance, June 30, 1985:				
GAAP Basis	$422,700	$211,361	$174,019	$385,380

Budget figures presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Budgetary Basis—General and Special Revenue Funds reflect the budget figures according to Chapter 619, 1985 Acts of Assembly. The legally adopted budgets for General and Special Revenue Funds include expenditures related to capital projects. Appropriations for operating accounts are controlled at program level and generally lapse at year end.

4. ENCUMBRANCES

Encumbrances are not included in the accompanying financial statements because the Code of Virginia does not permit the continuance of spending authority beyond the balance sheet date.

5. REPORTING ENTITY

In compliance with NCGA Statement 3, "Defining the Governmental Reporting Entity," the Commonwealth has included in the general purpose financial statements several organizations (component units) that meet the oversight criteria established by Statement 3. These component units include:

- Virginia Housing Development Authority (VHDA)
- Virginia Education Loan Authority (VELA)
- Virginia International Terminals, Inc. (VIT)
- Virginia Resources Authority (VRA)
- State Education Assistance Authority (SEAA)
- Virginia Public Building Authority (VPBA)
- Virginia Public School Authority (VPSA)

The criteria for inclusion is determined on the basis of accountability for fiscal matters, designation of management, ability to significantly influence operations, selection of governing authority, scope of public service, and any special relationships. The inclusion of an organization in the general purpose financial statements in no way alters the defined prerogatives of the management of the organizations, the organization's charter, statutory authority, or legal characteristics or conditions. The VELA, VHDA, VIT, and VRA have been audited by independent certified public accounting firms and the amounts reported are based solely on the audited financial statements provided by those organizations. The VPBA, VPSA, and SEAA have been audited by the Auditor of Public Accounts of the Commonwealth of Virginia. The VELA, VHDA, VIT, VRA, and SEAA are reported entirely within Public Benefit Corporations. The activity of VPBA is reported in the Debt Service and Capital Projects Funds, the related long-term debt is reported in the General Long-Term Obligations Account Group, and the related fixed assets in the General Fixed Assets Account Group. The VPSA is reported primarily within the Expendable Trust Funds and Debt Service Fund with related long-term debt reported within the General Long-Term Obligations Account Group.

The Commonwealth has no responsibility for any debt of these organizations nor does the Commonwealth claim any right to the assets of these organizations. Selected segment information is provided in the schedule below for these organizations:

Reporting Entity
Selected Segment Information
For the Year Ended June 30, 1985
(Dollars in Thousands)

	Public Benefit Corporations					Other Entities	
	Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Virginia Public Building Authority	Virginia Public School Authority
Operating Revenues	$ 214,954	$ 54,010	$ 42,917	$ 5	$ 21,020	$ 12,273	$ 70,924
Depreciation Expense	164	114	979	3	—	—	—
Operating Income (Loss)	39,539	11,676	2,623	(128)	3,332	878	39,489
Net Nonoperating Revenues	—	44	—	—	—	—	—
Net Income (Loss)	39,539	11,720	2,623	(128)	3,332	878	39,489
Property, Plant, and Equipment Additions	208	183	1,743	30	24	—	—
Total Assets	2,293,380	496,644	20,088	174	30,963	210,693	450,919
Total Liabilities	2,093,011	430,086	4,667	302	514	105,953	207,373
Total Equity	200,369	66,558	15,421	(128)	30,449	104,740	243,546

Furthermore, in compliance with NCGA Statement 3, the Commonwealth discloses two types of organizations which have been excluded from the reporting entity:

A. Authorities created by the State, whose members of the respective Boards are appointed by the Governor, where, in the judgement of the Comptroller, the activities of the authorities are not principally for the benefit of the Commonwealth and are not generally available to its citizens are:

(1.) Virginia College Building Authority was created by the Virginia College Building Authority Act of 1966 (Chapter 3.2, Title 23, *Code of Virginia* (1950), as amended) to assist in providing funds for the construction of projects of capital improvement at educational institutions within the Commonwealth. The Educational Facilities Authority Act of 1972 (Chapter 3.3, Title 23, *Code of Virginia* (1950), as amended) gave the Authority power to provide financial assistance to private institutions in addition to State-supported institutions. The Authority provides financial assistance by marketing bonds to provide funds from which to purchase the capital obligations of the institutions. Only private institutions have requested and received financial support from the Authority. The Authority began issuing debt in 1975. The outstanding principal of the Authority's issued debt at June 30, 1985, was $65,467,500.

(2.) Virginia Small Business Financing Authority was created by the Virginia Small Business Financing Act of 1984 (Chapter 28, Title 9, *Code of Virginia* (1950), as amended) to assist small business in the Commonwealth in obtaining financing for new business or for the expansion of existing business. The Authority provides financial assistance to small business by providing loans, guarantees, insurance, and other assistance, thereby encouraging the investment of private capital in small business in the Commonwealth. The Authority began issuing debt in December, 1984. The outstanding principal of this debt at June 30, 1985, was $19,556,750.

(3.) Virginia Agricultural Development Authority was created by the Virginia Development Authority Act of 1981 (Chapter 5.1, Title 3.1, *Code of Virginia* (1950), as amended) to assist in providing credit for the purchase of farm equipment and real estate at interest rates lower than those available in the conventional farm credit markets. This objective is accomplished by (1) making loans to lenders for use by those lenders in making loans for agricultural enterprises and (2) purchasing existing loans from lending institutions. The Authority had one debt issuance in April, 1983. The outstanding principal of this issuance at June 30, 1985, was $1,480,000.

B. Non-state agencies have also been excluded from the reporting entity. These activities fall into three categories: (1) public and private non-profit organizations; (2) interstate agreements and (3) industrial development authorities.

State funding provided to the public and private non-profit organizations is discretionary or subject to the eligibility rules governing funding support. The non-profit corporations are governed and controlled by their boards, members, or by-laws with no provision for Commonwealth control and, for several of these entities, assets remaining at dissolution are to be transferred to other non-profit organizations. The public non-profit organizations are local governments which receive funding under State programs.

Interstate agreements involve Virginia and one or more states and, therefore, have been excluded as provided under NCGA Statement 3.

Industrial development authorities have been excluded as they are specifically created and operated by actions of local governments, receive no Commonwealth support, and assets rest with the creating local governments upon dissolution.

6. SIGNIFICANT ACCOUNTING POLICIES AND DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Investments

Investments are principally comprised of monies held by the Virginia Supplemental Retirement System (VSRS) and the State Treasurer. The investments held by the State Treasurer are stated at cost, which approximates market value.

Investments held by VSRS, except for common stocks and real estate pool participations, are stated at cost or amortized cost. Common stocks are carried at the lower of cost or market. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. Real estate pool participations are carried at values adjusted to recognize VSRS's share of net income or loss in the period in which they are reported by the pools.

Investments held by the Public Benefit Corporations consist of certificates of deposit, savings accounts, bankers acceptances, U. S. Government Securities, short-term advances to banks, securities guaranteed by the U. S. Government, bonds, common stock, and investments in the Local Government Investment Pool. Investments are carried at amortized cost rather than at the lower of cost or market, in that it is generally management's intention to hold them to maturity. Investments of the Virginia Resources Authority are carried at cost, which approximates market.

Temporary investments reflected in the Higher Education Fund are recorded at lower of cost or market value. Mortgages held for investment are recorded at book value, representing principal amounts due. Investments in real estate are recorded at book value. Gifts are recorded at fair market value at the date of acquisition.

All investments qualify as legal investments held by fiduciaries under the laws of the Commonwealth.

The following schedule details the investments reported in the various funds at June 30, 1985:

Schedule of Investments
June 30, 1985
(Dollars in Thousands)

	Trust and Agency	Higher Education	Public Benefit Corporations
Bonds	$1,531,183	$ 53,337	$ 14,014
Stocks	2,096,669	181,529	2,080
Short-Term Securities	409,757	45,009	813,854
Other Securities	167,214	18,754	—
Real Estate	226,657	29,253	—
Total Investments	$4,431,480	$ 327,882	$829,948

B. Inventories

Inventories maintained by Public Benefit Corporations are stated at the lower of cost or market value. Inventories of the Internal Service Funds are stated at the lower of cost or market using first-in first-out methodology. The Department of Alcoholic Beverage Control and the Nonexpendable Trusts administered by the Department of Corrections maintain inventories at the lower of average cost or market. The Virginia Industries for the Blind maintains inventories at cost using first-in first-out methodology.

C. Receivables

The following schedule details the accounts, loans, taxes, and other receivables presented in the various funds as of June 30, 1985. Substantially all of the amounts designated as "Allowance for Doubtful Accounts" and "Allowance for Uncollected Accounts," are presented and appear in brackets. As of June 30, 1985, the Commonwealth had gross taxes receivable of $397,269,776, in the General Fund, of which $226,835,159 were associated with income taxes and sales taxes assessed in June, 1985. Of the remaining $170,434,617 balance of gross taxes receivable, $161,912,885 are not currently estimated to be collectible.

Schedule of Receivables
June 30, 1985
(Dollars in Thousands)

	Accounts and Loans (Allowance for Doubtful Accounts)	Taxes (Allowance for Uncollected Accounts)	Other	Total
General Fund	$ 4,774	$ 397,270	$ 283	$ 402,327
	(492)	(161,913)	—	(162,405)
	4,282	235,357	283	239,922
Special Revenue Funds	311,433	—	—	311,433
	(147,037)	—	—	(147,037)
	164,396	—	—	164,396
Enterprise Funds	1,773	—	—	1,773
	—	—	—	—
	1,773	—	—	1,773
Internal Service Funds	9,867	—	6	9,873
	(33)	—	—	(33)
	9,834	—	6	9,840
Trust and Agency Funds	279,851	—	58,038	337,889
	(12,971)	—	—	(12,971)
	266,880	—	58,038	324,918
Higher Education Fund	156,911	—	57,348	214,259
	(39,258)	—	(5,538)	(44,796)
	117,653	—	51,810	169,463
Public Benefit Corporations	1,901,674	—	34,632	1,936,306
	(78)	—	—	(78)
	1,901,596	—	34,632	1,936,228
Total Receivables (Net)	$ 2,466,414	$ 235,357	$ 144,769	$ 2,846,540

D. Loans Receivable From Proprietary Funds

Long-term loans receivable in the General Fund (Loans Receivable From Proprietary Funds) represent working capital advances of $8,000,000 to the Enterprise Funds and $4,937,504 to the Internal Service Funds to finance inventories and to provide working capital. The liabilities associated with the working capital advances are reflected in the Enterprise Funds and Internal Service Funds as "Loans Payable to the General Fund."

During its 1984 Session, the General Assembly required that advances originally made of $5,375,000 to the Internal Service Funds be repaid in equal installments over a period ranging from ten to fifteen years. The first repayments were made on July 31, 1984. The $8,000,000 advance to the Enterprise Funds represents the unpaid balance at June 30, 1985, of a $10,200,000 loan to the Department of Alcoholic Beverage Control. Payments in the amount of $1,000,000 are to be made each year until repayment is complete. Advances to all proprietary funds are not available for expenditure by the General Fund and, accordingly, the fund balance of the General Fund has been reserved for these advances.

E. Fixed Assets

Governmental general fixed assets in the General Fixed Assets Account Group are stated at historical cost or, in some instances, the best estimates of historical cost. Infrastructures, including highways, bridges, and rights-of-way, are not capitalized. No depreciation expense is recognized in the governmental funds on general fixed assets recorded in the General Fixed Assets Account Group; however, accumulated depreciation is calculated on a straight-line basis for the General Fixed Assets Account Group in order to reflect the net book value of those fixed assets. The schedule that follows shows the historical cost, accumulated depreciation, and net book value of the general fixed assets:

General Fixed Assets Account Group
June 30, 1985
(Dollars in Thousands)

	Total Fixed Assets	Accumulated Depreciation	Net Fixed Assets
Land	$ 141,786	$ —	$ 141,786
Buildings	486,810	(194,317)	292,493
Equipment	60,963	(32,578)	28,385
Improvements Other than Buildings	83,541	(35,757)	47,784
Construction in Progress	21,226	—	21,226
Total General Fixed Assets	$ 794,326	$ (262,652)	$ 531,674

The following schedule presents the changes in the General Fixed Assets Account Group by class:

Schedule of Changes in General Fixed Assets
(Dollars in Thousands)

	(Restated) Balance July 1, 1984	Implemented	Acquired	Deleted	Balance June 30, 1985
Land	$ 140,459	$ 1,327	$ —	$ —	$141,786
Buildings	480,279	7,004	240	713	486,810
Equipment	9,701	42,926	8,446	110	60,963
Improvements Other than Buildings	82,337	963	241	—	83,541
Construction in Progress	13,104	—	8,402	280	21,226
Total General Fixed Assets	$725,880	$52,220	$17,329	$1,103	$794,326

The "Implemented" column reflects the recognition of general fixed assets purchased prior to July 1, 1984, but not reported in the recently-developed fixed assets accounting system until fiscal year 1985.

Fixed assets of the Proprietary Funds and Similar Trust Funds, the Higher Education Fund, and Public Benefit Corporations are accounted for within those funds.

The following schedule details the amounts for fixed assets that are not recorded in the General Fixed Assets Account Group:

Summary of Fixed Assets in Proprietary Funds, Fiduciary Funds, Higher Education Fund, and Public Benefit Corporations
June 30, 1985
(Dollars in Thousands)

	Enterprise	Internal Service	Trust and Agency	Higher Education	Public Benefit Corporations
Land	$ 1,882	$ 283	$ —	$ 153,973	$ 560
Buildings	10,566	2,856	—	1,190,278	2,657
Less Accumulated Depreciation	(6,092)	(610)	—	—	(518)
Equipment	11,031	64,498	972	518,373	11,820
Less Accumulated Depreciation	(7,029)	(32,458)	(183)	—	(5,618)
Improvements Other than Buildings	1	—	—	9,663	—
Less Accumulated Depreciation	—	—	—	—	—
Construction in Progress	—	42	—	173,628	—
Livestock	—	—	—	851	—
Net Fixed Assets	$ 10,359	$ 34,611	$ 789	$ 2,046,766	$ 8,901

The following schedule details the cost basis, method of depreciation, and estimated life related to all fixed assets:

Valuation Methods for Fixed Assets

	Fixed Asset	Cost Basis	Depreciation Method	Estimated Life
Enterprise	Land	Historical Cost	Not Applicable	Not Applicable
	Buildings	Historical Cost	Straight-line	10-50 years
	Equipment	Historical Cost	Straight-line	3-20 years
	Improvements Other than Buildings	Historical Cost	Straight-line	12 years
Internal Service	Land	Historical Cost	Not Applicable	Not Applicable
	Buildings	Historical Cost	Straight-line	20-40 years
	Equipment	Historical Cost	Straight-line, except for unit of production for vehicles operated by Central Garage	2-10 years
	Construction in Progress	Historical Cost	Not Applicable	Not Applicable
Trust and Agency	Equipment	Historical Cost	Straight-line	3-20 years
General Fixed Assets	Land	Historical Cost	Not Applicable	Not Applicable
	Buildings	Historical Cost	Straight-line	2-50 years
	Equipment	Historical Cost	Straight-line	3-25 years
	Improvements Other than Buildings	Historical Cost	Straight-line	5-50 years
	Construction in Progress	Historical Cost	Not Applicable	Not Applicable
Higher Education	Land	Historical Cost	Not Applicable	Not Applicable
	Buildings	Historical Cost	Straight-line	3-50 years
	Equipment	Historical Cost	Straight-line	2-25 years
	Improvements Other than Buildings	Historical Cost	Straight-line	2-30 years
	Construction in Progress	Historical Cost	Not Applicable	Not Applicable
	Livestock	Historical Cost	Not Applicable	Not Applicable
Public Benefit Corporations	Land	Historical Cost	Not Applicable	Not Applicable
	Buildings	Historical Cost	Straight-line	10-25 years
	Equipment	Historical Cost	Straight-line	3-10 years

F. Systems Development Costs

In accordance with SFAS Number 2, "Accounting for Research and Development Costs," the Virginia Education Loan Authority (VELA) capitalizes and amortizes over five years the research and development costs relating to the creation of its automated student loan servicing systems.

G. Tax Refunds Payable

The estimate for refunds due taxpayers is calculated annually using statistical data derived from income taxes filed in previous years. Amounts to be refunded from current available resources have been included in the General Fund and apply to income tax returns for the calendar year 1984. Estimated refunds applicable to tax returns to be filed for calendar year 1985 have been included in the General Long-Term Obligations Account Group, since refunds are generally made in the subsequent calendar year.

H. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group. Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund when paid. Long-term liabilities expected to be financed from the proprietary funds, the Higher Education Fund, and the Public Benefit Corporations, as well as the related interest payments, are accounted for in those funds (see Note 8).

I. Deferred Revenue

Deferred revenue represents monies received but not yet earned as of June 30, 1985. The majority of this amount is reported in the Higher Education Fund, where it is primarily composed of student tuition and fees received in advance of the semester.

J. Reserved Fund Balance

Reserved Fund Balance indicates that portion of Fund Balance which is not available to fund operations or is legally segregated for specific future use. The following schedule lists the amount and purpose for the reservation in each of the appropriate funds:

Schedule of Reserved Fund Balance
June 30, 1985
(Dollars in Thousands)

	General Fund	Trust and Agency
Reserved for Working Capital Advances	$ 12,938	$ —
Reserved for VPSA Loans Receivable	—	226,763
Reserved for Pension Benefits	—	4,173,520
Reserved as Collateral for Workmen's Compensation	—	4,382
Total Reserved Fund Balance	$ 12,938	$ 4,404,665

K. **Accrued Vacation and Sick Leave Policy**

Each agency of the Commonwealth maintains records that reflect cumulative vacation and sick leave hours earned. Vacation and sick leave are accrued at the following rates:

Years of Service	Vacation Leave	Sick Leave
1 through 4	4 hours per semi-monthly period of service, to a maximum accumulation of 192 hours at the end of each calendar year	5 hours per semi-monthly period of service
5 through 9	5 hours per semi-monthly period of service, to a maximum accumulation of 240 hours at the end of each calendar year	5 hours per semi-monthly period of service
10 through 19	6 hours per semi-monthly period of service, to a maximum accumulation of 288 hours at the end of each calendar year	5 hours per semi-monthly period of service
20 and over	7 hours per semi-monthly period of service, to a maximum accumulation of 336 hours at the end of each calendar year	5 hours per semi-monthly period of service

Employees who leave state service after a minimum of five years employment are permitted to receive 25 percent of the value of their accumulated sick leave at their current earnings rate, to a maximum of $2,500. All employees leaving state service are paid for accrued vacation leave at their current earnings rate. In conformance with NCGA Statement 4, "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences," the dollar amounts related to hours earned are included in the accompanying financial statements. Accordingly, in the Governmental Fund Types, amounts to be paid from expendable available resources are recognized as fund liabilities in the applicable Governmental Fund Types. Amounts not payable from expendable available resources are reflected in the General Long-Term Obligations Account Group. All accounts related to the Proprietary Fund Types are recognized in those funds. The liability at June 30, 1985, was computed using salary rates effective at June 30, 1985, and represents vacation, sick, and compensatory leave earned up to the allowable ceilings.

L. **Total Columns on Combined Statements**

The total columns on the Combined Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Information in these columns does not present consolidated financial position, results of operations, or changes in financial position. Interfund balances and transactions have not been eliminated.

7. DUE TO/FROM OTHER FUNDS

Interfund advances of $44,562,279 due to the Special Funds are composed primarily of temporary advances made to other funds. These advances carry accrued interest of $11,678 at June 30, 1985, which is included in the financial statements as accrued interest payable to the General Fund. The purpose of these advances is to provide resources to initiate programs funded in whole or in part by the federal government, or to fund approved construction projects in anticipation of permanent financing. Amounts due to the General Fund represent quarterly ABC profits and taxes to be transferred from the Enterprise Fund.

Amounts due to/from other funds at June 30, 1985, are as follows:

Schedule of Interfund Advances
June 30, 1985
(Dollars in Thousands)

Fund	Due from Other Funds	Due to Special Funds	Due to General Fund	Due to Higher Education Fund
General	$ 7,998	$ 1,115	$ —	$ —
Special Revenue	44,562	24,135	—	—
Enterprise	—	9,909	7,998	—
Higher Education	36,919	9,403	—	36,919
Total	$ 89,479	$ 44,562	$ 7,998	$ 36,919

8. LONG-TERM INDEBTEDNESS

Commonwealth bonds, issued pursuant to Sections 9(b) and 9(c) of Article X of the Constitution of Virginia, are backed by the full faith, credit, and taxing power of the Commonwealth. Commonwealth of Virginia bonds are divided into two major groupings consisting of general obligation bonds authorized by the citizens of Virginia through bond referenda to finance capital projects, retired through the use of State appropriations, and bonds for financing capital projects which, when completed, will generate revenue to repay the debt. All of these bonds are callable after approximately ten years, from any available revenue, at the option of the Commonwealth of Virginia.

The following schedules detail the annual funding requirements necessary to amortize both 9(b) General Obligation and 9(c) Transportation Bonds. These bonds are backed by the full faith, credit, and taxing power of the Commonwealth. Principal and interest requirements for the current year totaled $10,710,675 for 9(b) General Obligation and $5,183,000 for 9(c) Transportation Bonds.

GENERAL OBLIGATION BONDS
Debt Service Requirements to Maturity
As of June 30, 1985

Maturity	Principal	Interest	Total
1986	$ 6,575,000	$ 3,839,800	$ 10,414,800
1987	6,575,000	3,543,925	10,118,925
1988	6,575,000	3,248,050	9,823,050
1989	6,575,000	2,952,175	9,527,175
1990	6,575,000	2,653,013	9,228,013
1991-1998	52,600,000	10,137,006	62,737,006
Total	$85,475,000	$26,373,969	$111,848,969

TRANSPORTATION BONDS
Debt Service Requirements to Maturity
As of June 30, 1985

Maturity	Principal	Interest	Total
1986	$ —	$ 5,183,000	$ 5,183,000
1987	500,000	5,153,250	5,653,250
1988	750,000	5,078,500	5,828,500
1989	1,000,000	4,973,500	5,973,500
1990	1,000,000	4,853,500	5,853,500
1991-2007	53,750,000	53,130,875	106,880,875
Total	$57,000,000	$78,372,625	$135,372,625

A summary of changes in long-term debt issued pursuant to Sections 9(b) General Obligation Bonds and 9(c) Transportation Bonds for the year ended June 30, 1985, follows:

Schedule of Changes in Section 9(b) and 9(c) Long-Term Debt

	Balance July 1, 1984	Issuances	Retirements	Balance June 30, 1985
Unmatured Debt Contained in Long-Term Obligations Account Group:				
General Obligation Bonds	$ 92,050,000	$ —	$ 6,575,000	$ 85,475,000
Transportation Bonds	104,000,000	—	47,000,000	57,000,000
Unmatured Debt Contained in Higher Education Fund	166,087,000	24,690,000	6,560,000	184,217,000
Total Long-Term Debt Payable	$ 362,137,000	$ 24,690,000	$ 60,135,000	$ 326,692,000

The Department of Alcoholic Beverage Control and the Department of Information Technology have incurred long-term debt with commercial institutions in connection with the purchase of equipment. At June 30, 1985, the outstanding balance of this debt was $13,605,827.

At fiscal year end, the Commonwealth estimates the refunds payable on withheld income taxes. Those refunds will be paid beginning in January 1986, out of collections made in fiscal year 1986, and accordingly, are reported in the General Long-Term Obligations Account Group. At June 30, 1985, the amount of estimated tax refunds payable was $227,490,467.

The preceding paragraphs detail information on the bonds and other obligations backed by the full faith, credit, and taxing power of the Commonwealth. The following paragraphs describe indebtedness that is not backed by the full faith and credit of the Commonwealth but is included in the financial statements.

Prior to 1970, the governing bodies of various State colleges and universities were empowered, with the approval of the Governor and the General Assembly, to issue debt backed solely by a pledge of the revenue from specific revenue-producing capital projects, such as dormitories, student centers, and dining halls. This debt falls under the provisions of Section 9(d) of Article X of the Constitution of Virginia. At June 30, 1985, the outstanding balance on this type of debt was $21,022,000. In addition, other bond issues that fall under the provisions of Section 9(d) were issued after 1970. The bonds are for revenue-producing capital projects at several State colleges and universities. Included in these debt issuances were 1985 fiscal year debt issuances made by the University of Virginia (UVA), the UVA-Hospital, and Virginia Polytechnic Institute and State University (VPI&SU). At June 30, 1985, the total outstanding balance of the post-1970 issuances was $259,538,794. The Commonwealth has included debt issued by State colleges and universities which was backed and secured only by endowment funds and other funds derived from gifts and bequests. The bonds of this type were issued by UVA and VPI&SU. These bonds provided funds for various purposes including capital projects. At June 30, 1985, the total outstanding balance of this type of debt was $41,602,386. The following schedules detail the annual funding requirements necessary to amortize these bonds:

HIGHER EDUCATION BONDS
Debt Service Requirements to Maturity
As of June 30, 1985

Maturity	Principal	Interest	Total
1986	$ 22,372,980	$ 22,850,886	$ 45,223,866
1987	14,605,520	21,756,383	36,361,903
1988	10,752,722	20,917,687	31,670,409
1989	13,319,992	20,290,970	33,610,962
1990	11,819,731	19,489,664	31,309,395
1991-2021	261,800,440	251,124,855	512,925,295
Less: Unamortized Discount	(12,508,205)	—	(12,508,205)
Total	$322,163,180	$356,430,445	$678,593,625

The following schedule details the annual funding requirements necessary to amortize the Higher Education 9(c) Revenue Bonds. These bonds are also backed by the full faith, credit, and taxing power of the Commonwealth. Principal and interest requirements for the current year totaled $20,169,363.

HIGHER EDUCATION BONDS
Debt Service Requirements to Maturity
As of June 30, 1985

Maturity	Principal	Interest	Total
1986	$7,435,000	$ 12,933,344	$ 20,368,344
1987	8,010,000	12,456,313	20,466,313
1988	8,425,000	11,942,421	20,367,421
1989	8,960,000	11,395,209	20,355,209
1990	9,460,000	10,811,666	20,271,666
1991-2013	141,927,000	80,868,773	222,795,773
Total	$184,217,000	$140,407,726	$324,624,726

The Virginia Port Authority has issued bonds and notes pursuant to powers provided to its Board of Commissioners by the *Code of Virginia* (1950) as amended. The debt service on these obligations has been paid in whole or in part by the Commonwealth and by revenues of the Port Authority. This debt is not backed by the full faith and credit of the Commonwealth. At June 30, 1985, there were outstanding revenue bonds and long-term notes payable in the amount of $30,487,401. The following schedule details the funding requirements necessary to amortize these obligations:

VIRGINIA PORT AUTHORITY DEBT
Debt Service Requirements to Maturity
As of June 30, 1985

Maturity	Principal	Interest	Total
1986	$ 4,371,198	$ 2,279,309	$ 6,650,507
1987	4,625,738	2,018,288	6,644,026
1988	4,806,082	1,721,755	6,527,837
1989	3,168,812	1,421,980	4,590,792
1990	2,959,748	1,180,367	4,140,115
1991-2005	10,555,823	3,229,160	13,784,983
Total	$30,487,401	$11,850,859	$42,338,260

The Virginia Public School Authority issues bonds for which the proceeds are used to purchase bonds or other obligations issued by cities, counties, and towns of the Commonwealth to assist localities in financing school capital projects. The bonds are payable from the funds of the Authority and do not constitute a debt of the Commonwealth. At June 30, 1985, $198,670,000 of Authority bonds were outstanding.

The following schedule details the annual funding requirements necessary to amortize these bonds:

VIRGINIA PUBLIC SCHOOL AUTHORITY BONDS
Debt Service Requirements to Maturity
As of June 30, 1985

Calendar Year Maturity	Principal	Interest	Total
1985	$ 17,250,000	$12,966,535	$ 30,216,535
1986	16,240,000	11,741,083	27,981,083
1987	16,215,000	10,779,057	26,994,057
1988	16,220,000	9,806,501	26,026,501
1989	15,720,000	8,848,072	24,568,072
1990-2004	117,025,000	44,951,809	161,976,809
Total	$198,670,000	$99,093,057	$297,763,057

The Virginia Public Building Authority issues bonds for the purpose of acquiring buildings to be leased by agencies of the Commonwealth. The bonds are payable from the funds of the Authority and are not backed by the full faith and credit of the Commonwealth, nor do they constitute a legal liability of the Commonwealth. At June 30, 1985, $105,920,000 of Authority bonds were outstanding. The following schedule details the annual funding requirements necessary to amortize these bonds:

VIRGINIA PUBLIC BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity
As of June 30, 1985

Maturity	Principal	Interest	Total
1986	$ 2,470,000	$ 9,385,690	$ 11,855,690
1987	2,625,000	9,237,490	11,862,490
1988	2,810,000	9,066,865	11,876,865
1989	3,010,000	8,875,785	11,885,785
1990	3,240,000	8,662,075	11,902,075
1991-2004	91,765,000	77,369,884	169,134,884
Total	$105,920,000	$122,597,789	$228,517,789

The Virginia Housing Development Authority (VHDA) and the Virginia Education Loan Authority (VELA) issue bonds as part of their activities. This debt is not backed by the full faith and credit of the Commonwealth and does not constitute a liability of the Commonwealth. At June 30, 1985, the outstanding long-term debt of these organizations were $1,979,526,000 and $423,399,974, respectively. The following schedules detail the annual funding requirements necessary to amortize bonds issued by VHDA and VELA:

VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS
Principal Requirements to Maturity
As of June 30, 1985

Maturity	*Principal
1986	$ 59,394,000
1987	68,713,000
1988	65,722,000
1989	67,185,000
1990	69,940,000
1991-2022	1,876,403,000
Less: Unamortized Discounts and Premiums	(227,831,000)
Total	$1,979,526,000

*Interest payments for VHDA are not available.

VIRGINIA EDUCATION LOAN AUTHORITY BONDS
Debt Service Requirements to Maturity
As of June 30, 1985

Maturity	Principal	Interest	Total
1986	$ 28,815,000	$ 34,273,091	$ 63,088,091
1987	37,280,000	32,078,352	69,358,352
1988	42,600,000	29,121,569	71,721,569
1989	43,735,000	26,749,990	70,484,990
1990	42,095,000	22,237,405	64,332,405
1991-1999	237,260,000	73,937,256	311,197,256
Less: Unamortized Discounts and Issuance Expenses	(8,385,026)	—	(8,385,026)
Total	$ 423,399,974	$ 218,397,663	$ 641,797,637

The following schedule summarizes the changes in long-term obligations reflected in the General Long-Term Obligations Account Group:

Schedule of Changes in General Long-Term Obligations
(Dollars in Thousands)

	Balance July 1, 1984	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 1985
Long-Term Obligations Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Article X, Sections 9(b) and 9(c) Bonds:				
Transportation Facilities Bonds, Series 1973	$ 47,000	$ —	$ 47,000	$ —
Public Facilities Bonds, Series 1978	92,050	—	6,575	85,475
Transportation Facilities Bonds, Series 1982	57,000	—	—	57,000
Total Sections 9(b) and 9(c) Bonds	196,050	—	53,575	142,475
Other Long-Term Obligations				
Long-Term Capital Lease Obligations	—	8,201	—	8,201
Estimated Tax Refunds Payable on Withheld Income Taxes	214,189	227,490	214,189	227,490
Long-Term Portion of the Liability for Compensated Absences	110,793	115,963	110,793	115,963
Total Long-Term Obligations Bearing the Pledge of the Full Faith and Credit of the Commonwealth	521,032	351,654	378,557	494,129
Long-Term Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Virginia Port Authority Long-Term Debt	33,103	1,717	4,333	30,487
Virginia Public School Authority Bonds	202,450	13,485	17,265	198,670
Virginia Public Building Authority Long-Term Debt	108,250	—	2,330	105,920
Total Long-Term Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	343,803	15,202	23,928	335,077
Total General Long-Term Obligations Account Group	$864,835	$366,856	$402,485	$829,206

Bond Defeasance

During fiscal year 1985, the Department of the Treasury used $30,202,434 to purchase U.S. Government Securities sufficient to fully provide for the timely payment of the $47,000,000 Transportation Facilities Bonds, Series 1973 9(c), of the Richmond-Petersburg Turnpike. The U.S. Government Securities purchased to retire the Transportation Facilities Bonds, Series 1973 9(c), were deposited in an irrevocable escrow account independent of the State Treasurer. As a result of these transactions, the refunded bonds are deemed to be retired and, accordingly, are no longer reported as long-term debt in the financial statements. At June 30, 1985, the defeased bond principal outstanding was $47,000,000. No gain was recognized because the debt was retired in a non-proprietary fund (see Debt Service Fund).

On June 21, 1985, the University of Virginia issued $95,386,796 of Series C Bonds, the proceeds from which were deposited into an escrow account to provide payment of principal and interest on the Series A Bonds and $70 million of the Series B Bonds when due. The $110 million in refunded bonds are considered to be extinguished during the year ended June 30, 1985, and do not appear as a liability in the financial statements. This transaction resulted in a loss on refunding of debt of $1,339,237.

The University of Virginia Series C Bonds are secured by a pledge of net revenues which also secures the $40 million in outstanding Series B Bonds stated to mature on December 1, 2010. The Series B Bonds are also secured through December 14, 1991 by an irrevocable letter of credit issued by The Long Term Credit Bank of Japan. Bond holders have the option to tender outstanding Series B Bonds at least fifteen days prior to each December 1, beginning in 1987, unless the bonds have been converted to a fixed interest rate. Upon the exercise of such option, the bonds will be repurchased and remarketed. If remarketing proceeds are insufficient, the bonds shall be paid from drawings on the letter of credit. Terms of the letter of credit require interest payments at the prime lending rate and principal repayments in six semi-annual installments upon termination of the letter of credit.

Capital Leases

The Commonwealth of Virginia is involved in numerous agreements to lease land, buildings, and equipment. SFAS Number 13, "Accounting for Leases," requires that noncancellable lease agreements—including those that are cancellable only upon occurrence of a remote contingency—that effectively transfer all of the benefits and risks of property ownership from the lessor to the lessee be recorded essentially as sale-purchase transactions by the lessee if any one of these "capital lease" criteria is met at the inception of the lease:

(a) The lease transfers title of the property from the lessor to the lessee by the end of the lease term.

(b) The lease contains a "bargain purchase option"—which permits the lessee to purchase the property from the lessor during the lease term at a price which is sufficiently lower than the expected fair market value of the property when the purchase option is exercisable to virtually assure that the purchase option will be exercised.

(c) The lease term is for 75 percent or more of the estimated remaining useful economic life of the property. (If the lease term begins within the last 25 percent of the total useful economic life of the leased property, this criterion will not apply for the test for capitalization.)

(d) The present value of the minimum lease payments is 90 percent or more of the fair market value of the property, net of any related investment tax credit retained and expected to be realized by the lessor. (If the lease term begins within the last 25 percent of the total useful economic life of the leased property, this criterion will not apply for the test for capitalization.)

For all capital leases the gross minimum lease payments together with the present value of the net minimum lease payments as of June 30, 1985, are:

1986	$7,864,433
1987	6,703,436
1988	4,696,183
1989	2,824,229
1990	1,318,144
After 1990	5,134,346
Total Gross Minimum Lease Payments	28,540,771
Less Amount Representing Executory Costs[1] including profit thereon, included in total gross minimum lease payments	(1,495,983)
Net Minimum Lease Payments	27,044,788
Less Amount Representing Interest[2]	(10,389,900)
Present Value of Net Minimum Lease Payments	$16,654,888

(1.) Executory costs are defined as those costs incidental to the use of the leased property such as taxes, maintenance, and insurance.

(2.) Interest is defined as that amount computed based upon the Commonwealth's incremental borrowing rate for each of its leases which reduces net minimum lease payments to present value.

Lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the Legislature.

Assets under capitalizable leases have been recorded as fixed assets at the lower of net present value of minimum lease payments during lease term or fair market value and, accordingly, have been included in the financial statements with other fixed assets. The following is an analysis of the leased property under capital leases by major classes as of June 30, 1985:

	General Fixed Assets Account Group	Enterprise Funds	Internal Service Funds	Higher Education Fund	Totals (Memorandum Only)
Land	$ —	$ —	$ —	$ 27,366	$ 27,366
Buildings	5,638,677	1,027,413	—	1,878,523	8,544,613
Equipment	5,709,227	—	1,714,163	9,414,968	16,838,358
Less Accumulated Depreciation[3]	(4,002,046)	(575,458)	(550,618)	(2,264,189)	(7,392,311)
Net	$7,345,858	$451,955	$1,163,545	$9,056,668	$18,018,026

(3.) Land is a nondepreciable asset and, consequently, no depreciation has been recorded for it. Buildings and equipment have been depreciated using the straight-line method over their estimated total useful economic life (if lease capitalization criterion (a) or (b) has been met) or their related lease terms (if lease capitalization criterion (c) or (d) has been met).

9. DEFICIT RETAINED EARNINGS

The deficit retained earnings in the Virginia Resources Authority is attributable to substantial costs incurred in the first year of operation. The Authority is empowered to issue bonds up to a maximum of $300,000,000 outstanding without prior approval by the General Assembly. However, at the balance sheet date, no debt had been issued by the Authority.

10. CONTRIBUTED CAPITAL

Contributed capital in the Internal Service Funds totaling $3,880,000 consists of $1,600,000 in General Fund appropriations and $2,280,000 in contributed property and equipment. The property and equipment are recorded at historical cost. Contributed capital in the Enterprise Funds consists of $728,000 in contributed property and equipment. The property and equipment are recorded at historical cost. Contributed capital in the Public Benefit Corporations consists of $2,228,000 in contributed property and equipment, which is recorded at historical cost.

11. COMPARABILITY WITH PRIOR YEARS

The Higher Education Fund has been presented in conformance with the National Association of College and University Business Officers (NACUBO) and the American Institute of Certified Public Accountants (AICPA) audit guide for the first time. Since comparable data is not available in this format for the fiscal year ending June 30, 1984, no prior year memorandum totals have been presented. Ending fund balances for 1984 have been restated to reflect beginning fund balances for 1985 in the new format.

Additionally, all assets of the deferred compensation plan have been included in the Trust and Agency Funds for the first time. Prior year Trust and Agency Funds memorandum totals have been restated to reflect this change.

12. ADJUSTMENTS TO FUND EQUITY

For the fiscal year ended June 30, 1985, certain changes have been made to the financial statements to better conform with the governmental model. Additionally, 1984 memorandum totals for the General Fund, the Capital Projects Fund, the Internal Service Funds, the Enterprise Funds, and Public Benefit Corporations have been restated.

The following schedule details the restatements made to Fund Equity as of June 30, 1984, to give retroactive effect to these changes:

Restatement of Beginning Fund Equity
(Dollars in Thousands)

	General Fund	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Enterprise	Internal Service	Higher Education	Public Benefit Corporations
Fund Equity, June 30, 1984, as previously reported	$288,483	$479,187	$ 60,316	$ 72,473	$917,869	$4,356	$ 29,368	$1,078,948	$228,466
To include certain organizations determined to be part of the reporting entity in accordance with NCGA Statement 3	—	—	—	—	—	—	—	—	27,117
To record the effect of changing the accounting method for accrual of sales tax	14,580	—	—	—	—	—	—	—	—
To reflect the change in reporting format for the Higher Education Fund	—	—	—	—	—	—	—	1,017,207	—
Other	—	—	—	764	—	792	4,791	—	—
Fund Equity, June 30, 1984, restated	303,063	479,187	60,316	73,237	917,869	5,148	34,159	2,096,155	255,583
To record the effect of changes in accounting treatment of governmental activities	—	—	—	—	(4,581)	—	—	—	—
To record the effect of changes in accounting for Department of Highways' inventories and accounts receivable	—	(74,622)	—	—	—	—	—	—	—
Other Adjustments	—	—	(372)	1,346	(480)	5	7	—	—
Fund Equity, June 30, 1984, as adjusted	$303,063	$404,565	$ 59,944	$ 74,583	$912,808	$5,153	$ 34,166	$2,096,155	$255,583

13. RETIREMENT AND PENSION SYSTEMS

Employees participate in one of three contributory retirement systems. The Virginia Supplemental Retirement System (VSRS) provides retirement benefits to Commonwealth employees and teachers. The State Police Officers' Retirement System provides retirement benefits to Virginia State police officers, and the Judicial Retirement System provides retirement benefits to the Commonwealth's judges. All retirement systems are administered by the Virginia Supplemental Retirement System. Benefits provided include full retirement benefits, disability retirement benefits, death-in-service benefits and cost of living increases.

The retirement systems are contributory defined benefit pension plans. Covered employees contribute 5% of their creditable compensation, and earn interest at the rate of 4% credited annually on their accumulated contributions. Accumulated contributions plus interest earned are refundable to employees upon their termination. Employers contribute, at rates actuarially determined under the entry age normal cost method, such amounts as are necessary to sufficiently fund the annual normal costs, annual supplementary costs, and past service costs within 40 years. Employers may also elect to pick-up and pay contributions for their employees, in which case there are differences in the way contributions are handled for those members.

The amount of assets and reserves to be provided by the employers through future contributions at June 30, 1985, was actuarially computed as of June 30, 1984, for State employees, teachers, State police officers, and the judiciary, and as of June 30, 1983, for political subdivision employees. Pursuant to Section 51-111.22, *Code of Virginia* (1950), as amended, the next computation will be as of June 30, 1985, for political subdivision employees. The results of this computation will not be available before January, 1986.

The computation presents an estimate of the discounted present value of the prospective accrued liability for contributions that will have to be paid by employers in the future so that such contributions, together with the assets on hand and the normal contributions to be made in the future by employers and the members, will be sufficient to provide all of the System benefits to be paid in the future to present members and retired members of the System. The breakdown of the total present value of prospective accrued liability contributions is as follows:

To be paid by the Commonwealth on behalf of State employees	$1,083,940,000
To be paid by the Commonwealth and school boards on behalf of teachers	1,635,750,000
To be paid by political subdivisions on behalf of their employees	392,905,000
Subtotal	$3,112,595,000
To be paid by the Commonwealth on behalf of State police officers	25,257,000
To be paid by the Commonwealth on behalf of the Judiciary	35,846,000
Total	$3,173,698,000

The valuation method used by the actuary is the projected benefit method with level percentage entry-age normal cost and open-end unfunded accrued liability. Gains and losses are reflected in the unfunded accrued liability which is amortized by regular annual contributions as a level percentage of payroll within a 40-year period from each valuation. The more significant assumptions underlying the actuarial computations are an interest rate assumption of 6 1/2% and an inflation component of 4 1/2% in the salary increase assumption. In addition, the actuarial cost method reflects the full costs of ancillary benefits in the level normal and accrued liability rates. These actuarial assumptions and methods were adopted by the Board of Trustees beginning with the June 30, 1980, computations. There were no changes in the assumptions and methods used by the actuary for the 1984 and 1983 valuations.

14. SEGMENT INFORMATION—ENTERPRISE FUNDS

The Commonwealth currently maintains two Enterprise Funds which are intended to be self-supporting through charges to users of their products and services. These Enterprise Funds are:

- The Department of Alcoholic Beverage Control (ABC) which operates facilities for the distribution and sale of distilled spirits and wine; and,
- The Virginia Industries for the Blind which manufactures products for sale to governments, certain private organizations, and the general public.

Additionally, the Commonwealth exercises oversight responsibilities for the gift shop and food services of the Virginia Museum of Fine Arts, which is an agency of the Commonwealth. Selected financial information by Enterprise Fund activity for the year ended June 30, 1985, is presented below:

Selected Segment Information
For the Year Ended June 30, 1985
(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Virginia Industries for the Blind	Virginia Museum of Fine Arts Gift Shop and Food Services
Operating Revenues	$242,938	$3,976	$1,185
Depreciation Expense	1,465	32	—
Operating Income	33,760	48	53
Net Operating Transfers Out	(31,637)	—	—
Net Nonoperating Revenues (Expenses)	(1,229)	249	(4)
Net Income	571	297	49
Property, Plant, and Equipment Additions	1,999	—	—
Net Working Capital	5,264	2,117	435
Total Assets	41,171	2,928	448
Long-Term Liabilities	12,079	77	—
Total Liabilities	38,297	222	9
Total Equity	2,874	2,706	439

15. COMMITMENTS AND CONTINGENCIES

A. **Grants and Contracts**—The Commonwealth has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Commonwealth.

Institutions of higher education and other State agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Certain agencies within the Commonwealth may not be in total compliance with these regulations. Failure to have complied with certain systems requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. We believe that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

B. **Litigation**—The Commonwealth is named as a party in legal proceedings that occur in the normal course of governmental operations, some involving substantial amounts. One such suit, against the Virginia State Department of Health and the Department of Social Services, involved a Medicaid eligibility rule and its legality. The merits of the rule have been litigated and the courts have ruled against the Commonwealth. All appeals have been exhausted and court orders will be implemented. It is management's opinion that the court decision will not have a material impact on the accompanying financial statements.

The Commonwealth, its officials and employees are also defendants in numerous other lawsuits, many of which seek recovery of monetary damages of an unspecified amount. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits will not have a material, adverse effect on the financial condition of the Commonwealth.

C. **Operating Leases**—The Commonwealth of Virginia entered into numerous agreements to lease land, buildings, and equipment. Most of the operating leases contain the provision that the Commonwealth may renew the operating leases at the expiration date of the lease on a month-to-month basis. In most cases management expects that in the normal course of business, leases will be renewed or replaced by other leases of a similar nature. Rental expense under the operating leases for the year ended June 30, 1985, was $19,385,457. The Commonwealth has, as of June 30, 1985, the following minimum rental payments due under the above leases:

1986	$16,348,587
1987	10,663,917
1988	8,157,873
1989	6,316,268
1990	4,446,659
After 1990	13,970,718
	$59,904,022

Lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the Legislature.

—VIRGINIA STATE LIBRARY

The commanding scale of the Capitol perched atop Shockoe Hill is affirmed in this 1849 engraving of the Richmond skyline from Henry Howe's *Historical Collections of Virginia*. In the foreground winds the circuitous route of the James River and Kanawha Canal, the major transportation and shipping link to the western part of the state. This view was taken from the bluffs at the south end of Hollywood Cemetery, the park-like burial ground which had just opened for interments in that year.

—VALENTINE MUSEUM

—VIRGINIA STATE LIBRARY

The Executive Mansion in the northeast corner of Capitol Square was designed by Boston architect Alexander Parris in 1811 and is the oldest such building in continuous use in the country. The General Assembly paid the young Parris a meager fifty-dollar commission for his plans, in contrast to the three hundred dollars paid the local builder for his supervision of the construction.

The lithograph above made of the Executive Mansion in 1865, shows a highly-developed parapet above the cornice and on the west entrance porch. Both were removed prior to the George Cook photograph, thought to date from the 1880's. The "modernizing" of the mansion also eliminated the decorative recessed panels seen above the first floor windows in the print below. The ghost marks where these panels once existed can be spotted today in the seams of the brick infill.

Combining & Individual Fund Statements

General Fund

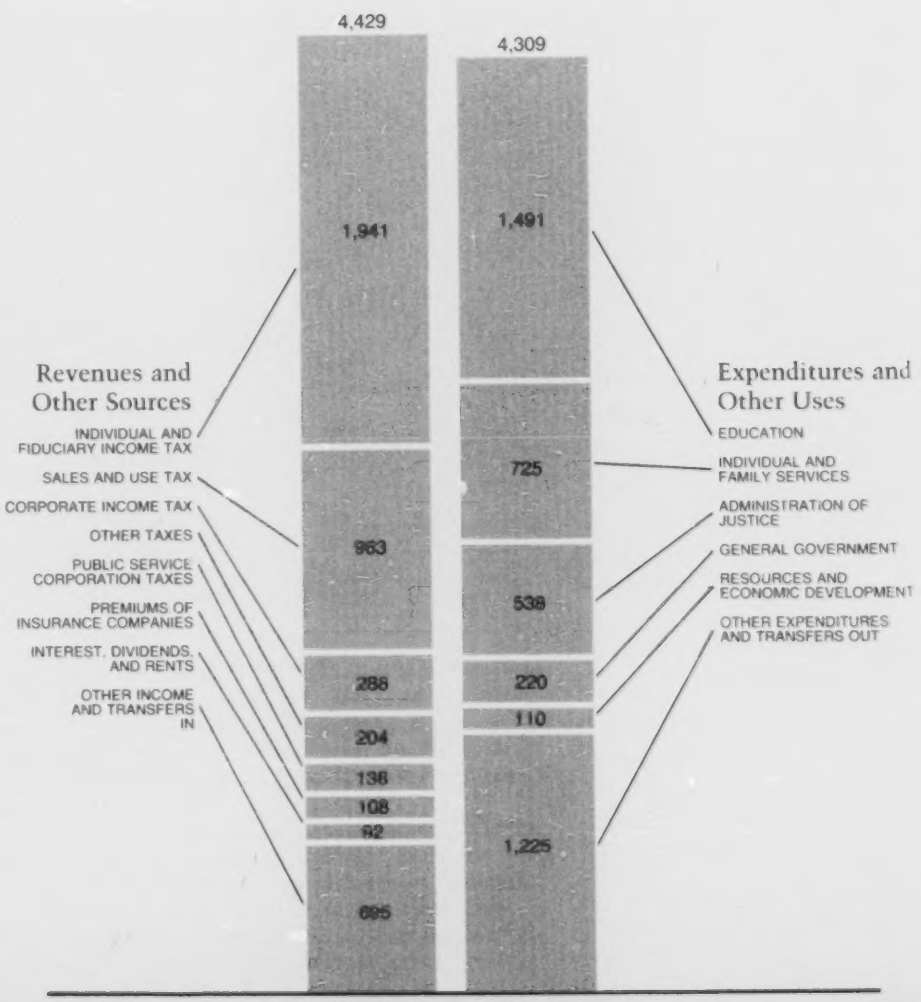
The General Fund accounts for all resources received and used for services traditionally provided by a state government. These services include general government, legislative, public safety, judicial, licensing and regulation, and any other services not accounted for in another fund.

Analysis

The graph at the right provides a breakdown of General Fund revenues and expenditures for the year ended June 30, 1985, on the modified accrual basis of accounting. Under this basis, total revenues and other sources exceeded expenditures and other uses by $120 million in 1985.

Revenues and other sources increased $943 million over the prior year, or 27.0%, primarily as a result of increases of $557 million in operating transfers in, $145 million in individual and fiduciary income taxes, $117 million in sales and use taxes, and $28 million in interest, dividends, and rents. Expenditures and other uses increased $977 million over the prior year, or 29.3%, primarily as a result of increases of $618 million in operating transfers out, $216 million in education, $66 million in individual and family services, and $53 million in administration of justice.

General Fund
Revenues and Expenditures
Fiscal Year 1985
(DOLLARS IN MILLIONS)



Balance Sheet
General Fund

June 30, 1985

(Dollars in Thousands)

	June 30, 1985	June 30, 1984
Assets		
Cash and Investments	$ 329,000	$ 192,605
Petty Cash and Travel Advances	3,582	3,532
Taxes Receivable (Net)	235,357	199,456
Loans and Accounts Receivable (Net)	4,282	3,395
Accrued Interest Receivable	12	403
Due from Other Funds	7,998	7,850
Other Receivables	271	281
Loans Receivable from Proprietary Funds	12,938	14,375
Total Assets	$ 593,440	$ 421,897
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	$ 60,882	$ 32,930
Tax Refunds Payable	33,460	22,336
Amounts Due to Localities	74,173	60,788
Deposits Pending Distribution	488	264
Due to Other Funds	1,115	2,245
Accrued Liability for Compensated Absences	263	—
Deferred Revenue	312	271
Accrued Interest Payable	47	—
Total Liabilities	170,740	118,834
Fund Balance:		
Reserved for Working Capital Advances	12,938	14,375
Unreserved:		
Designated	283,870	112,417
Undesignated	125,892	176,271
Total Fund Balance	422,700	303,063
Total Liabilities and Fund Balance	$ 593,440	$ 421,897

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance General Fund

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Year Ended June 30, 1985	Year Ended June 30, 1984
Revenues:		
Taxes	**$3,642,114**	$3,324,272
Rights and Privileges	**17,918**	18,497
Sales of Property and Commodities	**672**	1,839
Assessments and Receipts for Support of Special Services	**919**	676
Institutional Revenue	**2,508**	2,522
Interest, Dividends, and Rents	**91,944**	63,688
Fines, Forfeitures, Court Fees, Penalties, and Escheats	**31,828**	28,005
Federal Grants, Contracts, and Revenue Sharing	**—**	16
Receipts from Cities, Counties, and Towns	**1,034**	846
Private Donations, Gifts, and Contracts	**—**	1
Other	**26,430**	8,294
Total Revenues	**3,815,367**	3,448,656
Expenditures:		
General Government	**220,117**	205,013
Education	**1,491,152**	1,274,866
Transportation	**8,776**	6,567
Resources and Economic Development	**110,512**	97,468
Individual and Family Services	**724,758**	658,501
Administration of Justice	**538,182**	485,597
Enterprises	**5,484**	6,427
Total Expenditures	**3,098,981**	2,734,439
Revenues Over Expenditures	**716,386**	714,217
Other Financing Sources (Uses):		
ABC Profit Transfers	**25,831**	25,899
Appropriations Act Transfers	**24,386**	11,831
Operating Transfers In	**556,946**	213
Operating Transfers Out	**(1,210,866)**	(593,091)
Proceeds from Capital Leases	**6,954**	—
Other Uses	**—**	(5,095)
Total Other Financing Uses	**(596,749)**	(560,243)
Revenues and Other Sources Over Expenditures and Other Uses	**119,637**	153,974
Fund Balance, July 1, as adjusted (Note 12)	**303,063**	149,089
Fund Balance, June 30	**$ 422,700**	$ 303,063

See Notes to the Financial Statements.

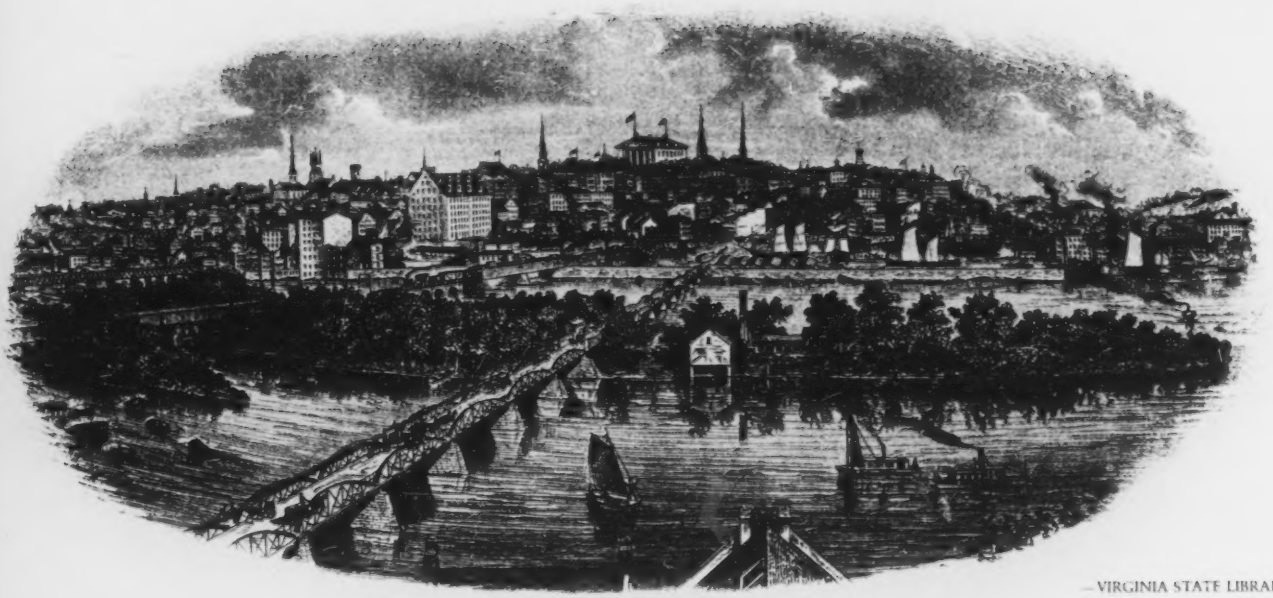
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual—Budgetary Basis General Fund

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes:			
Individual and Fiduciary Income	$ 1,951,100	$ 1,948,199	$ (2,901)
Sales and Use	929,000	930,597	1,597
Corporation Income	270,000	287,747	17,747
Public Service Corporations	128,800	138,429	9,629
Premiums of Insurance Companies	107,000	108,633	1,633
Other Taxes	194,500	204,063	9,563
Total Taxes	3,580,400	3,617,668	37,268
Rights and Privileges	21,300	18,732	(2,568)
Sales of Property and Commodities	1,200	679	(521)
Assessments and Receipts for Support of Special Services	1,000	820	(180)
Institutional Revenue	3,100	2,737	(363)
Interest, Dividends, and Rents	86,400	92,088	5,688
Fines, Forfeitures, Court Fees, Penalties, and Escheats	26,400	31,542	5,142
Receipts from Cities, Counties, and Towns	1,200	1,028	(172)
Other	23,900	25,524	1,624
Total Revenues	3,744,900	3,790,818	45,918
Expenditures:			
General Government	416,439	222,996	193,443
Education	1,434,987	1,451,904	(16,917)
Transportation	8,013	8,257	(244)
Resources and Economic Development	102,457	109,845	(7,388)
Individual and Family Services	696,031	718,284	(22,253)
Administration of Justice	504,752	533,744	(28,992)
Enterprises	5,564	5,349	215
Total Expenditures	3,168,243	3,050,379	117,864
Revenues Over Expenditures	576,657	740,439	163,782
Other Financing Sources (Uses):			
ABC Profit Transfers	24,300	25,284	984
Appropriations Act Transfers	26,800	24,386	(2,414)
Net Operating Transfers:			
Higher Education Fund (Educational and General)	(585,343)	(583,144)	2,199
Other Authorized Operating Transfers	—	(15,079)	(15,079)
Capital Outlay Transfers	(56,023)	(56,023)	—
Other Sources	86,722	—	(86,722)
Total Other Financing Uses	(503,544)	(604,576)	(101,032)
Revenues and Other Sources Over Expenditures and Other Uses	73,113	135,863	62,750
Fund Balance, July 1	42,996	208,013	165,017
Fund Balance, June 30 (Note 3)	$ 116,109	$ 343,876	$ 227,767

See Notes to the Financial Statements.



—VIRGINIA STATE LIBRARY

By the mid-1850's, when this print of Richmond was made, the capital city had become one of the more industrialized centers in the United States. The city enjoyed rapid growth in flour milling, tobacco manufacturing, and in the development of iron foundries and rolling mills. Symbolic of this growth was the great Gallego Mills at the head of the Great Basin of the canal, seen here left of the center, which was purported to be the largest brick building in the country at the time.

In the foreground is Mayo's Bridge, a toll bridge whose owners enjoyed a monopoly over non-railroad traffic across the James River from its opening in 1788 until late in the next century. But the structure was not always so uniform or sturdy in appearance. Freshets throughout its early history caused numerous rebuildings leading to its construction, as seen here, of heavy mansonry piers and iron trusses.

Special Revenue Funds

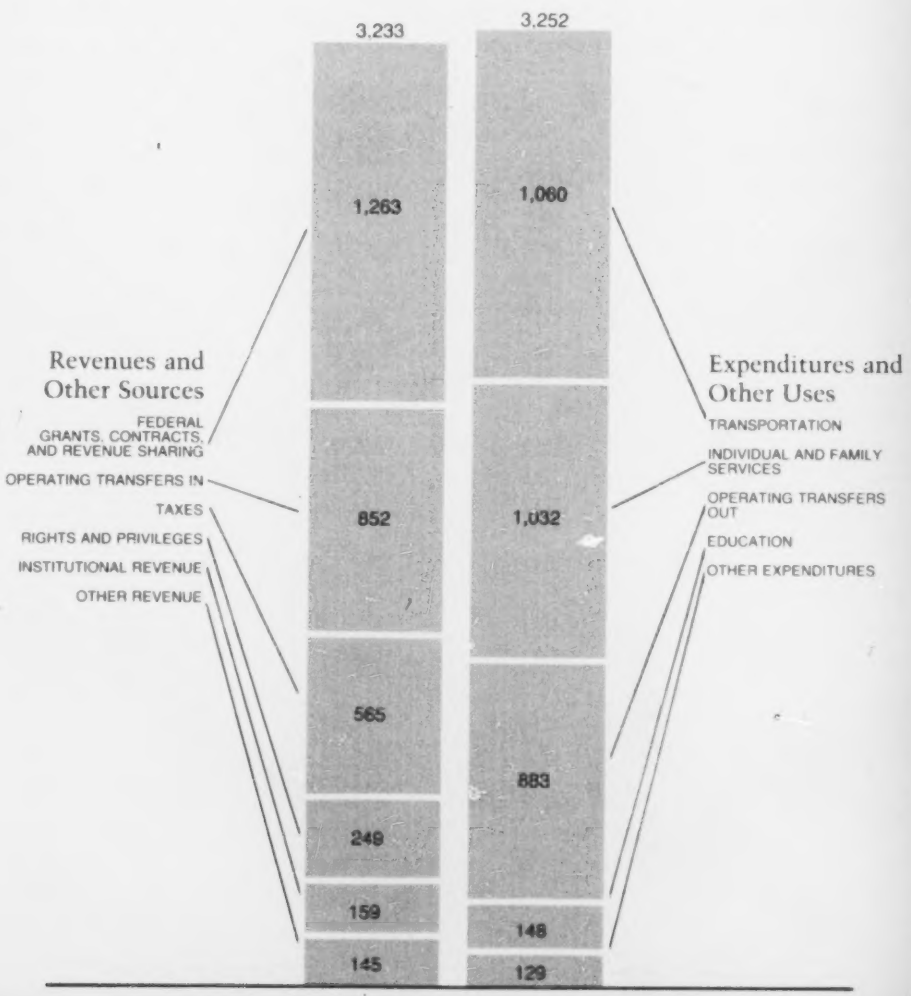
The Special Revenue Funds are maintained to account for those resources which are restricted to finance particular functions or activities of the Commonwealth. These activities include public health services, highway maintenance and construction, welfare services, port facilities, and State park services.

Analysis

The graph at the right provides a breakdown of Special Revenue Funds revenues and other sources and expenditures and other uses for the year ended June 30, 1985, on the modified accrual basis of accounting. Total revenues and other sources were below total expenditures and other uses by $19 million in 1985.

Revenues and other sources increased primarily as a result of increases of $78 million in federal grants, contracts, and revenue sharing, $206 million in operating transfers, $23 million in rights and privileges, and $19 million in tax revenues. These increases were offset by increases in expenditures and other uses of $169 million in transportation, $68 million in individual and family services, and $197 million in operating transfers.

Special Revenue Funds
Revenues and Expenditures
Fiscal Year 1985
(DOLLARS IN MILLIONS)



Combining Balance Sheet
Special Revenue Funds

June 30, 1985
(Dollars in Thousands)

	Highway Maintenance and Construction Fund	Other Special Revenue Funds	Totals June 30, 1985	Totals June 30, 1984
Assets				
Cash and Investments	$286,553	$ 95,111	**$381,664**	$348,777
Petty Cash and Travel Advances	828	329	**1,157**	1,141
Loans and Accounts Receivable (Net)	38,427	125,969	**164,396**	140,509
Due from Other Funds	—	44,562	**44,562**	50,652
Inventory	—	—	—	26,337
Deferred Charges	—	—	—	41,045
Total Assets	$325,808	$265,971	**$591,779**	$608,461
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	$103,740	$ 67,667	**$171,407**	$109,622
Deposits Pending Distribution	643	43	**686**	639
Due to Other Funds	—	24,135	**24,135**	18,926
Deferred Revenue	9,992	53	**10,045**	87
Accrued Liability for Compensated Absences	72	54	**126**	—
Total Liabilities	114,447	91,952	**206,399**	129,274
Fund Balance:				
Reserved for Deferred Charges	—	—	—	41,045
Unreserved:				
Undesignated	211,361	174,019	**385,380**	438,142
Total Fund Balance	211,361	174,019	**385,380**	479,187
Total Liabilities and Fund Balance	$325,808	$265,971	**$591,779**	$608,461

See Notes to the Financial Statements.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Special Revenue Funds

For the Fiscal Year Ended June 30, 1985
(Dollars in Thousands)

	Highway Maintenance and Construction Fund	Other Special Revenue Funds	Totals Year Ended June 30, 1985	Totals Year Ended June 30, 1984
Revenues:				
Taxes	$ 551,055	$ 13,773	**$ 564,828**	$ 545,812
Rights and Privileges	176,439	72,330	**248,769**	225,678
Sales of Property and Commodities	—	5,508	**5,508**	3,712
Assessments and Receipts for Support of Special Services	—	11,981	**11,981**	10,142
Institutional Revenue	—	159,079	**159,079**	155,721
Interest, Dividends, and Rents	5	4,279	**4,284**	1,500
Fines, Forfeitures, Court Fees, Penalties, and Escheats	3,452	1,102	**4,554**	2,498
Federal Grants, Contracts, and Revenue Sharing	260,021	1,003,235	**1,263,256**	1,184,881
Receipts from Cities, Counties, and Towns	33,440	40,175	**73,615**	61,095
Private Donations, Gifts, and Contracts	—	966	**966**	847
Other	—	32,880	**32,880**	20,350
Total Revenues	1,024,412	1,345,308	**2,369,720**	2,212,236
Expenditures:				
General Government	7,002	8,933	**15,935**	7,767
Education	1,906	146,141	**148,047**	166,263
Transportation	1,021,785	38,476	**1,060,261**	891,243
Resources and Economic Development	1,697	86,252	**87,949**	74,505
Individual and Family Services	—	1,031,720	**1,031,720**	964,096
Administration of Justice	1,641	8,078	**9,719**	8,129
Enterprises	—	460	**460**	1,209
Total Expenditures	1,034,031	1,320,060	**2,354,091**	2,113,212
Revenues Over (Under) Expenditures	(9,619)	25,248	**15,629**	99,024
Other Financing Sources (Uses):				
Appropriations Act Transfers	(6,390)	(8,422)	**(14,812)**	(4,906)
Operating Transfers In	665,050	186,882	**851,932**	645,441
Operating Transfers Out	(663,202)	(220,117)	**(883,319)**	(686,379)
Trust Fund Receipts Over (Under) Disbursements	(5)	8,772	**8,767**	57,413
Proceeds from Capital Leases	1,997	421	**2,418**	—
Proceeds from Sale of Bonds	—	—	**—**	760
Other Sources (Uses)	—	200	**200**	(221)
Total Other Financing Sources (Uses)	(2,550)	(32,264)	**(34,814)**	12,108
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(12,169)	(7,016)	**(19,185)**	111,132
Fund Balance, July 1, as adjusted (Note 12)	223,530	181,035	**404,565**	368,055
Fund Balance, June 30	$ 211,361	$ 174,019	**$ 385,380**	$ 479,187

See Notes to the Financial Statements.

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual—Budgetary Basis Special Revenue Funds

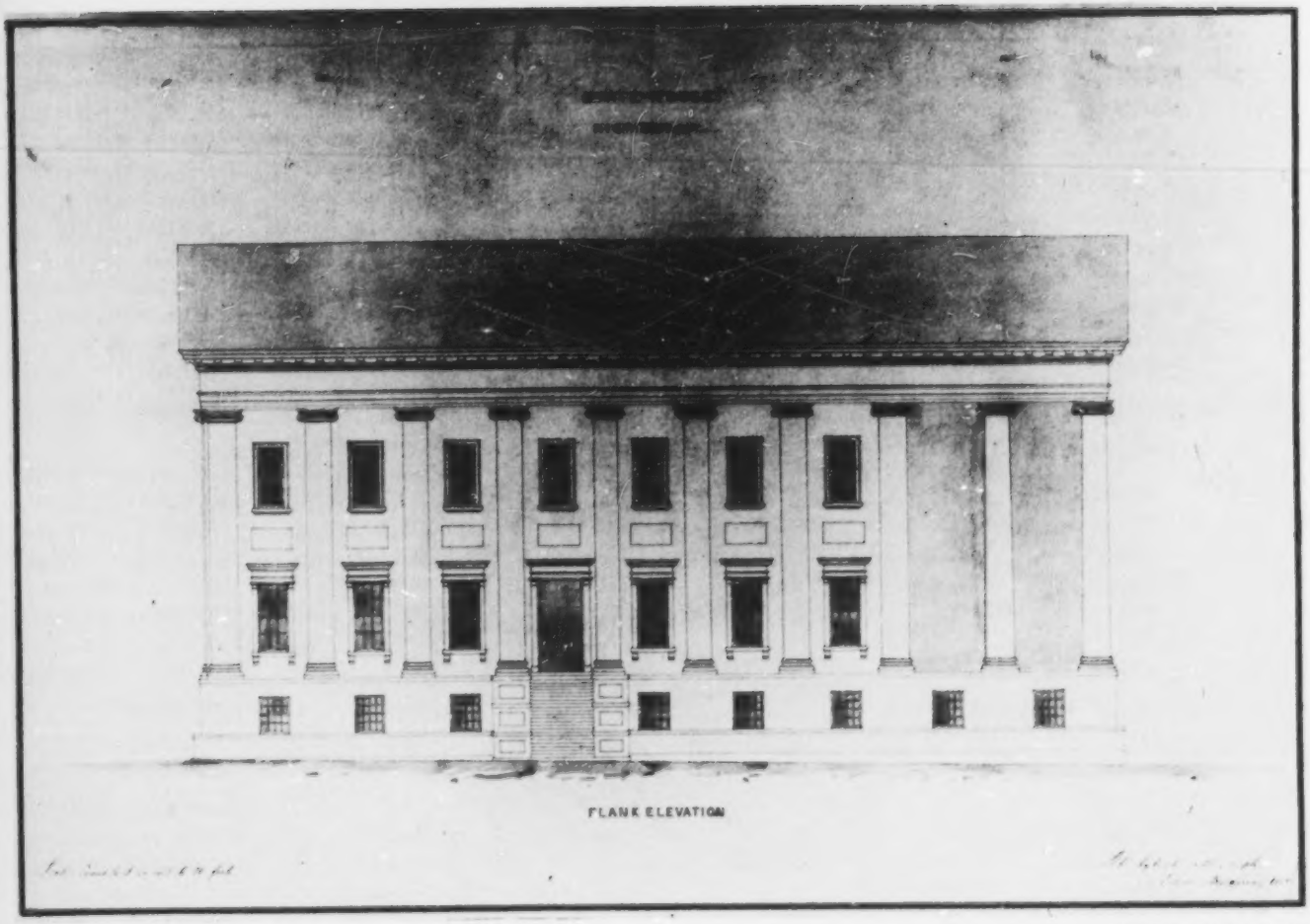
For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Highway Fund		
	Budget	Actual	Variance
Revenues:			
Taxes	$ 557,054	$ 550,638	$ (6,416)
Rights and Privileges	174,174	176,311	2,137
Sales of Property and Commodities	—	—	—
Assessments and Receipts for Support of Special Services	—	—	—
Institutional Revenue	—	—	—
Interest, Dividends, and Rents	8	5	(3)
Fines, Forfeitures, Court Fees, Penalties, and Escheats	5,446	3,451	(1,995)
Federal Grants, Contracts, and Revenue Sharing	375,752	260,021	(115,731)
Receipts from Cities, Counties, and Towns	14,500	22,173	7,673
Private Donations, Gifts, and Contracts	—	—	—
Other	—	—	—
Total Revenues	1,126,934	1,012,599	(114,335)
Expenditures:			
General Government	3,875	7,033	(3,158)
Education	1,871	1,906	(35)
Transportation	1,082,118	984,744	97,374
Resources and Economic Development	2,375	1,735	640
Individual and Family Services	—	—	—
Administration of Justice	1,379	1,641	(262)
Enterprises	—	—	—
Total Expenditures	1,091,618	997,059	94,559
Revenues Over (Under) Expenditures	35,316	15,540	(19,776)
Other Financing Sources (Uses):			
Appropriations Act Transfers	(6,390)	(6,390)	—
Operating Transfers—Other	—	3,421	3,421
Capital Outlay Transfers	(1,573)	(1,573)	—
Trust Fund Receipts Over Disbursements	—	—	—
Other Sources (Uses)	—	(5)	(5)
Total Other Financing Sources (Uses)	(7,963)	(4,547)	3,416
Revenues and Other Sources Over (Under) Expenditures and Other Uses	27,353	10,993	(16,360)
Fund Balance, July 1	42,551	265,753	223,202
Fund Balance, June 30 (Note 3)	$ 69,904	$ 276,746	$ 206,842

See Notes to the Financial Statements.

Other Special Revenue Funds			Total Special Revenue Funds		
Budget	Actual	Variance	Budget	Actual	Variance
$ 12,735	$ 13,791	$ 1,056	$ 569,789	$ 564,429	$ (5,360)
62,722	69,816	7,094	236,896	246,127	9,231
4,084	5,316	1,232	4,084	5,316	1,232
11,757	11,449	(308)	11,757	11,449	(308)
100,410	160,943	60,533	100,410	160,943	60,533
1,218	4,923	3,705	1,226	4,928	3,702
2,009	1,066	(943)	7,455	4,517	(2,938)
1,061,489	989,191	(72,298)	1,437,241	1,249,212	(188,029)
26,046	36,742	10,696	40,546	58,915	18,369
755	894	139	755	894	139
34,819	31,766	(3,053)	34,819	31,766	(3,053)
1,318,044	1,325,897	7,853	2,444,978	2,338,496	(106,482)
7,622	8,892	(1,270)	11,497	15,925	(4,428)
139,172	131,267	7,905	141,043	133,173	7,870
42,005	36,622	5,383	1,124,123	1,021,366	102,757
117,482	85,852	31,630	119,857	87,587	32,270
1,000,907	1,021,229	(20,322)	1,000,907	1,021,229	(20,322)
5,904	7,880	(1,976)	7,283	9,521	(2,238)
892	862	30	892	862	30
1,313,984	1,292,604	21,380	2,405,602	2,289,663	115,939
4,060	33,293	29,233	39,376	48,833	9,457
(8,422)	(8,422)	—	(14,812)	(14,812)	—
—	(14,886)	(14,886)	—	(11,465)	(11,465)
(18,349)	(18,349)	—	(19,922)	(19,922)	—
—	8,767	8,767	—	8,767	8,767
—	205	205	—	200	200
(26,771)	(32,685)	(5,914)	(34,734)	(37,232)	(2,498)
(22,711)	608	23,319	4,642	11,601	6,959
79,671	121,538	41,867	122,222	387,291	265,069
$ 56,960	$ 122,146	$ 65,186	$ 126,864	$ 398,892	$ 272,028



—VIRGINIA STATE LIBRARY

Richmond architect Albert Lybrock was commissioned by the General Assembly in 1857 to provide accurate measured drawings of the Capitol, a plan for the enlargement of the Hall of the House of Delegates, and other small modifications. This west elevation drawing and Lybrock's south portico elevation provide historians with the first measured documentation of the Capitol since the 1785 model by Jefferson and Clérisseau. The major differences between the original concept and Lybrock's later study of the "as-built" Capitol are in the building's overall proportions, the lack of south portico stairs, the addition of pilasters down the side elevations, and the increased height of the basement story. The perpendicular arrangement of the side stairs in Lybrock's drawing represents the third generation of stairs for the east and west elevations.

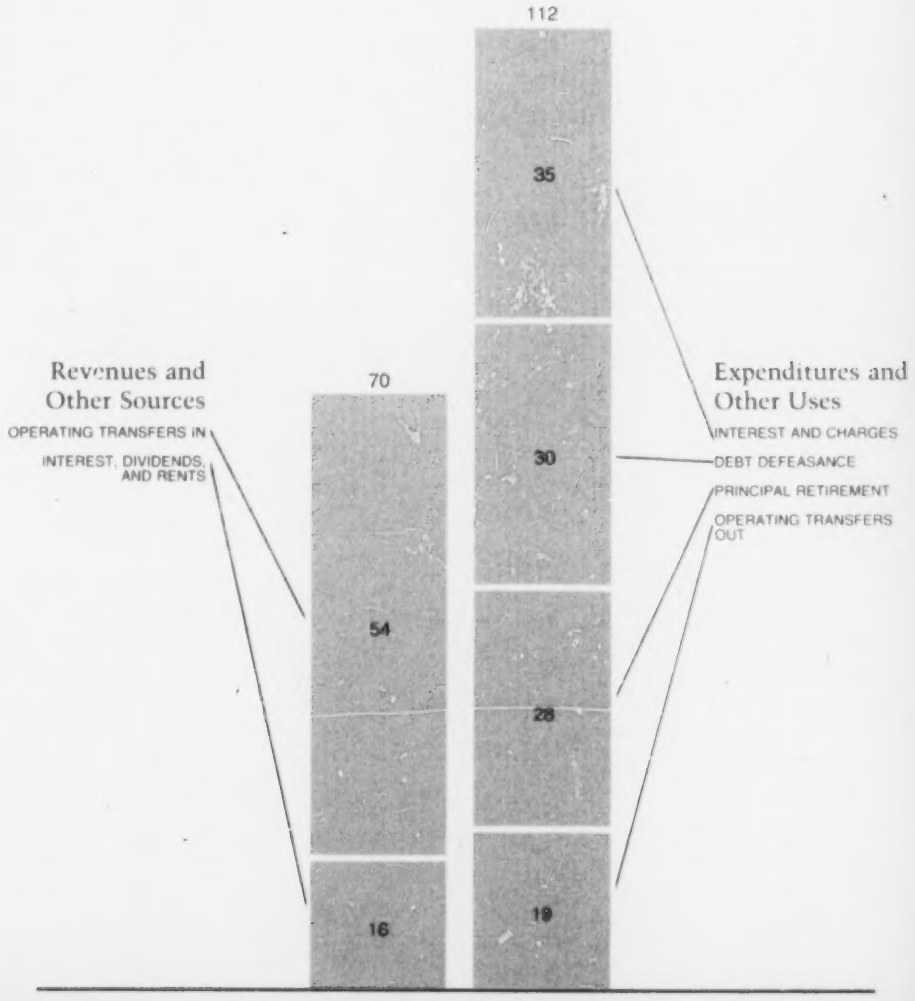
Debt Service Fund

The Debt Service Fund is maintained to account for the resources accumulated and used for the payment of interest and principal on long-term debt not reported in the proprietary fund types, the Higher Education Fund, and the Public Benefit Corporations.

Analysis

Debt service expenditures on the long-term debt reported in the General Long-Term Obligations Account Group are made through the Debt Service Fund. For the current year, principal payments on Section 9(b) general obligation bonds amounted to $6.6 million, and 9(c) transportation bonds amounted to $47.0 million, which is primarily debt defeasance. Both are backed by the full faith and credit of the Commonwealth. Resources to pay principal and interest on all types of long-term debt primarily came from transfers from the General Fund and income associated with Revenue Bond Capital Projects.

Debt Service Fund
Revenues and Expenditures
Fiscal Year 1985
(DOLLARS IN MILLIONS)



Balance Sheet
Debt Service Fund

June 30, 1985
(Dollars in Thousands)

	June 30, 1985	June 30, 1984
Assets		
Cash and Investments	$ 34,745	$ 66,688
Other Assets	372	372
Total Assets	$ 35,117	$ 67,060
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	$ —	$ 4
Matured Debt Payable	4,842	645
Matured Interest Payable	12,423	6,095
Total Liabilities	17,265	6,744
Fund Balance:		
Unreserved:		
Designated for:		
General Long-Term Obligation Bond Debt Service	17,852	60,316
Total Fund Balance	17,852	60,316
Total Liabilities and Fund Balance	$ 35,117	$ 67,060

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance Debt Service Fund

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Year Ended June 30, 1985	Year Ended June 30, 1984
Revenues:		
Interest, Dividends, and Rents	$ 16,544	$ 1,247
Total Revenues	16,544	1,247
Expenditures:		
Debt Service:		
Principal Retirement	27,770	29,832
Interest and Charges	35,567	25,101
Debt Defeasance	30,202	—
Total Expenditures	93,539	54,933
Revenues Under Expenditures	(76,995)	(53,686)
Other Financing Sources (Uses):		
Operating Transfers In	53,867	60,134
Operating Transfers Out	(18,964)	—
Proceeds from Sale of Bonds	—	11,781
Total Other Financing Sources	34,903	71,915
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(42,092)	18,229
Fund Balance, July 1, as adjusted (Note 12)	59,944	42,087
Fund Balance, June 30	$ 17,852	$ 60,316

See Notes to the Financial Statements.

—VIRGINIA STATE LIBRARY

Some 900 buildings in Richmond's industrial and business district lay in ruins when this photograph was taken in April 1865 following the Evacuation Fire. With the intersection of 9th and Bank streets, in the foreground, the view confirms that the Capitol and the 1824 Bell Tower were unscathed by the fire's ravages. During the fire, the Capitol grounds were crowded with hundreds of Richmond families who sought refuge there and were issued rations by the Federal authorities.

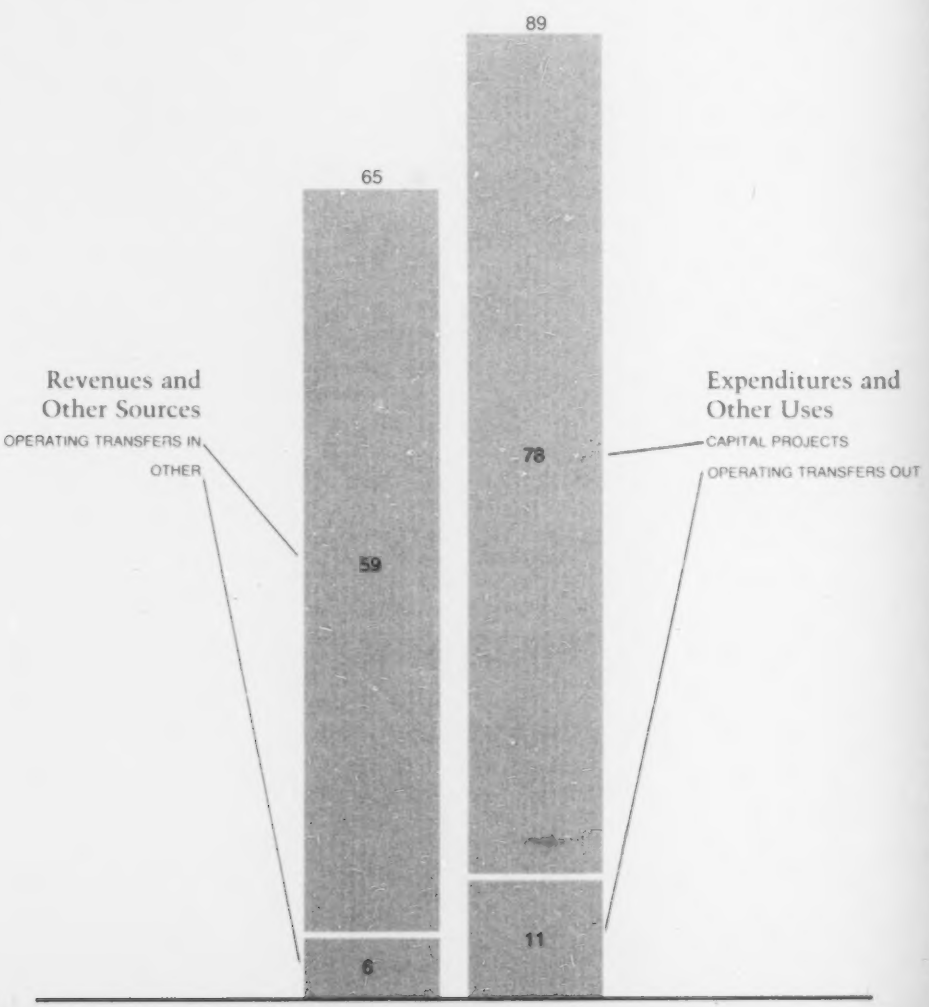
Capital Projects Fund

The Capital Projects Fund is maintained to account for resources received and used for the acquisition, construction, or improvement of certain major governmental general fixed assets financed principally by general obligation bonds or transfers from the General Fund. Capital projects, in general, are for correctional facilities, mental health institutions, parks, highways, and port facilities.

Analysis

In the Capital Projects Fund, revenues and other sources totaled $64.8 million, showing a decrease of 60.8% from 1984. Expenditures and other uses, of $89.1 million, decreased 49.3% from 1984. The net effect of revenues and other sources over expenditures and other uses was a reduction of $24.3 million in the Capital Projects fund balance.

Capital Projects Fund
Revenues and Expenditures
Fiscal Year 1985
(DOLLARS IN MILLIONS)



Balance Sheet
Capital Projects Fund

June 30, 1985
(Dollars in Thousands)

	June 30, 1985	June 30, 1984
Assets		
Cash and Investments	$ 53,870	$ 75,430
Total Assets	$ 53,870	$ 75,430
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	$ 3,545	$ 2,193
Total Liabilities	3,545	2,193
Fund Balance:		
Unreserved:		
Designated	50,325	73,237
Total Fund Balance	50,325	73,237
Total Liabilities and Fund Balance	$ 53,870	$ 75,430

See Notes to the Financial Statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance Capital Projects Fund

For the Fiscal Year Ended June 30, 1985
(Dollars in Thousands)

	Year Ended June 30, 1985	Year Ended June 30, 1984
Revenues:		
Interest, Dividends, and Rents	$ 6,184	$ 7,589
Total Revenues	6,184	7,589
Expenditures:		
Capital Projects	78,391	164,446
Total Expenditures	78,391	164,446
Revenues Under Expenditures	(72,207)	(156,857)
Other Financing Sources (Uses):		
Appropriations Act Transfers	—	(129)
Operating Transfers In	58,660	54,484
Operating Transfers Out	(10,711)	(11,007)
Proceeds from Sale of Bonds	—	103,026
Total Other Financing Sources	47,949	146,374
Revenues and Other Sources Under Expenditures and Other Uses	(24,258)	(10,483)
Fund Balance, July 1, as adjusted (Note 12)	74,583	83,720
Fund Balance, June 30	$ 50,325	$ 73,237

See Notes to the Financial Statements.

—VALENTINE MUSEUM

This 1865 photograph shows the Capitol in the background, canal boats in the Great Basin, the Customs House in the center as survivors of the Evacuation Fire at the end of the Civil War. The Customs House was built in 1858 by Boston architect Ammi B. Young and was among the many Richmond buildings taken over by the Confederate government to be used for offices during the war. President Jefferson Davis had his executive offices there. Today, the north and south fronts of the stone building remain as part of the United States Courthouse at the south of Capitol Square between Bank and Main streets.

Enterprise Funds

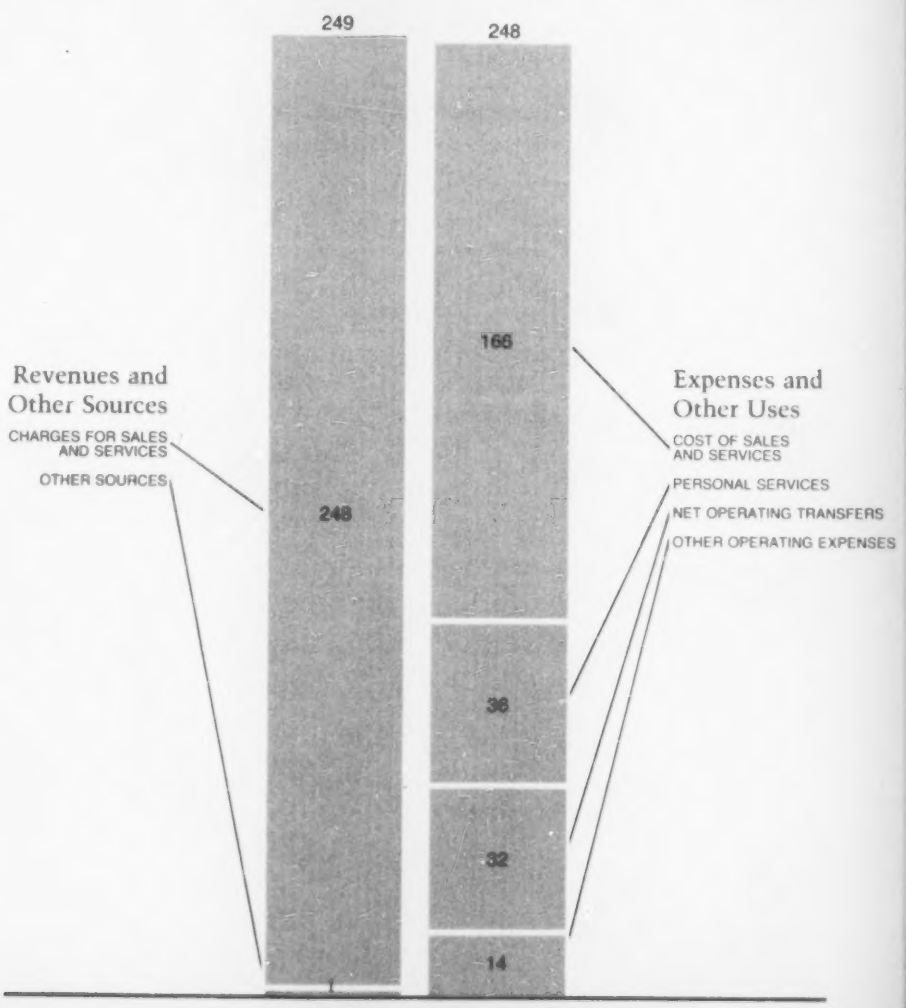
The Enterprise Funds are maintained to account for those operations of State government which render services to the general public in a manner similar to private business enterprises. It is the intent that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges. The following are the Enterprise Funds activities of the Commonwealth and their functions:

- ***Department of Alcoholic Beverage Control—operates facilities for the distribution and sale of distilled spirits and wine.***
- ***Virginia Industries for the Blind—manufactures products for sale to governments, certain private organizations, and the general public.***
- ***Virginia Museum of Fine Arts—operates gift shop and food services activities.***

Analysis

For fiscal 1985, Enterprise Funds received $248.7 million in revenues. Expenses for the same period came to $215.9 million, yielding an income before operating transfers of $32.8 million. Net operating transfers, primarily legislatively mandated transfers to the General Fund from ABC, reduced this figure by $31.6 million, to produce income from operations of $1.2 million in 1985.

Enterprise Funds
Revenues and Expenses
Fiscal Year 1985
(DOLLARS IN MILLIONS)



Combining Balance Sheet
Enterprise Funds

June 30, 1985

(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Totals June 30, 1985	Totals June 30, 1984
Assets					
Cash and Investments	$ 2,325	$ 1,142	$ 231	**$ 3,698**	$ 2,988
Petty Cash and Travel Advances	95	1	4	**100**	94
Loans and Accounts Receivable (Net)	1,353	391	29	**1,773**	2,030
Inventory	27,704	727	180	**28,611**	28,316
Prepaid Expenses	5	1	—	**6**	5
Property, Plant, and Equipment (Net)	9,689	666	4	**10,359**	10,051
Total Assets	$ 41,171	$ 2,928	$ 448	**$ 44,547**	$ 43,484
lities and Fund Equity					
.ities:					
Accounts Payable	$ 6,233	$ 145	$ 6	**$ 6,384**	$ 6,805
Due to Commercial Institutions	500	—	—	**500**	1,000
Other Liabilities	—	—	3	**3**	6
Due to Other Funds	17,907	—	—	**17,907**	16,587
Loans Payable to the General Fund	8,000	—	—	**8,000**	9,000
Deferred Revenue	578	—	—	**578**	563
Accrued Liability for Compensated Absences	4,381	77	—	**4,458**	4,375
Capital Lease Obligations	698	—	—	**698**	—
Total Liabilities	38,297	222	9	**38,528**	38,336
Fund Equity:					
Contributed Capital	—	728	—	**728**	779
Retained Earnings	2,874	1,978	439	**5,291**	4,369
Total Fund Equity	2,874	2,706	439	**6,019**	5,148
Total Liabilities and Fund Equity	$ 41,171	$ 2,928	$ 448	**$ 44,547**	$ 43,484

See Notes to the Financial Statements.

Combining Statement of Revenues, Expenses, and Changes in Fund Equity Enterprise Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Totals Year Ended June 30, 1985	Totals Year Ended June 30, 1984
Operating Revenues:					
Charges for Sales and Services	$242,938	$ 3,976	$ 1,185	**$ 248,099**	$ 247,980
Total Operating Revenues	242,938	3,976	1,185	**248,099**	247,980
Operating Expenses:					
Cost of Sales and Services	164,904	—	725	**165,629**	167,783
Personal Services	33,853	1,460	312	**35,625**	33,940
Contractual Services	3,903	80	—	**3,983**	4,140
Supplies and Materials	1,088	2,226	42	**3,356**	3,554
Grants and Distributions to Localities	—	84	—	**84**	148
Expendable Equipment	202	2	21	**225**	142
Depreciation	1,465	32	—	**1,497**	1,163
Rent, Insurance, and Other Related Charges	3,577	44	32	**3,653**	4,071
Other	186	—	—	**186**	—
Total Operating Expenses	209,178	3,928	1,132	**214,238**	214,941
Operating Income	33,760	48	53	**33,861**	33,039
Nonoperating Revenues (Expenses):					
Interest, Dividends, and Rents	(1,637)	—	15	**(1,622)**	(847)
Grants and Shared Revenue	—	249	—	**249**	310
Discounts	—	—	—	**—**	11
Gain on Sale of Fixed Assets	27	—	—	**27**	3
Other	381	—	(19)	**362**	17
Total Nonoperating Revenue (Expenses)	(1,229)	249	(4)	**(984)**	(506)
Transfers:					
ABC Profit Transfers	(25,831)	—	—	**(25,831)**	(25,899)
Appropriations Act Transfers	(6,480)	—	—	**(6,480)**	(6,413)
Operating Transfers In	674	—	—	**674**	265
Total Transfers	(31,637)	—	—	**(31,637)**	(32,047)
Income From Operations	894	297	49	**1,240**	486
Cumulative Effect—Leases	(159)	—	—	**(159)**	—
Income Before Extraordinary Items	735	297	49	**1,081**	486
Loss on Condemnation of Real Estate	(164)	—	—	**(164)**	—
Net Income	571	297	49	**917**	486
Change in Contributed Capital	—	(51)	—	**(51)**	779
Fund Equity, July 1, as adjusted (Note 12)	2,303	2,460	390	**5,153**	3,883
Fund Equity, June 30	$ 2,874	$ 2,706	$ 439	**$ 6,019**	$ 5,148

See Notes to the Financial Statements.

Combining Statement of Changes in Financial Position Enterprise Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Department of Alcoholic Beverage Control	Virginia Industries for the Blind	Virginia Museum of Fine Arts	Totals Year Ended June 30, 1985	Totals Year Ended June 30, 1984
Sources of Working Capital:					
Operations:					
Income Before Extraordinary Items	$ 735	$ 297	$ 49	**$ 1,081**	$ 486
Items Not Requiring Working Capital:					
Depreciation	1,465	32	—	**1,497**	1,163
Gain on Sale of Fixed Assets	(27)	—	—	**(27)**	(3)
Compensated Absences	73	10	—	**83**	57
Working Capital Provided by Income before Extraordinary Item	2,246	339	49	**2,634**	1,703
Loss from Extraordinary Item	(164)	—	—	**(164)**	—
Items Not Requiring Working Capital:					
Loss on Condemnation of Real Estate	164	—	—	**164**	—
Total Working Capital Provided by Operations	2,246	339	49	**2,634**	1,703
Sale of Fixed Assets	9	51	—	**60**	29
Increase in Capital Appropriated	—	—	—	**—**	779
Increase in Long-Term Debt Payable	699	—	—	**699**	—
Total Sources of Working Capital	2,954	390	49	**3,393**	2,511
Uses of Working Capital:					
Decrease in Capital Appropriated	—	51	—	**51**	—
Acquisition of Property, Plant, and Equipment	1,999	—	—	**1,999**	1,979
Reduction in Long-Term Debt Payable	1,500	—	—	**1,500**	1,500
Total Uses of Working Capital	3,499	51	—	**3,550**	3,479
Net Increase (Decrease) in Working Capital	$ (545)	$ 339	$ 49	**$ (157)**	$ (968)
Elements of Net Increase (Decrease) in Working Capital:					
Cash and Investments	$ 248	$ 460	$ 8	**$ 716**	$ 1,243
Receivables	119	(389)	13	**(257)**	577
Inventories	308	(44)	30	**294**	814
Prepaid Expenses	—	1	—	**1**	(7)
Payables, Deposits, and Other Liabilities	(1,204)	311	(2)	**(895)**	(3,569)
Deferred Revenue	(16)	—	—	**(16)**	(26)
Net Increase (Decrease) in Working Capital	$ (545)	$ 339	$ 49	**$ (157)**	$ (968)

See Notes to the Financial Statements.

Internal Service Funds

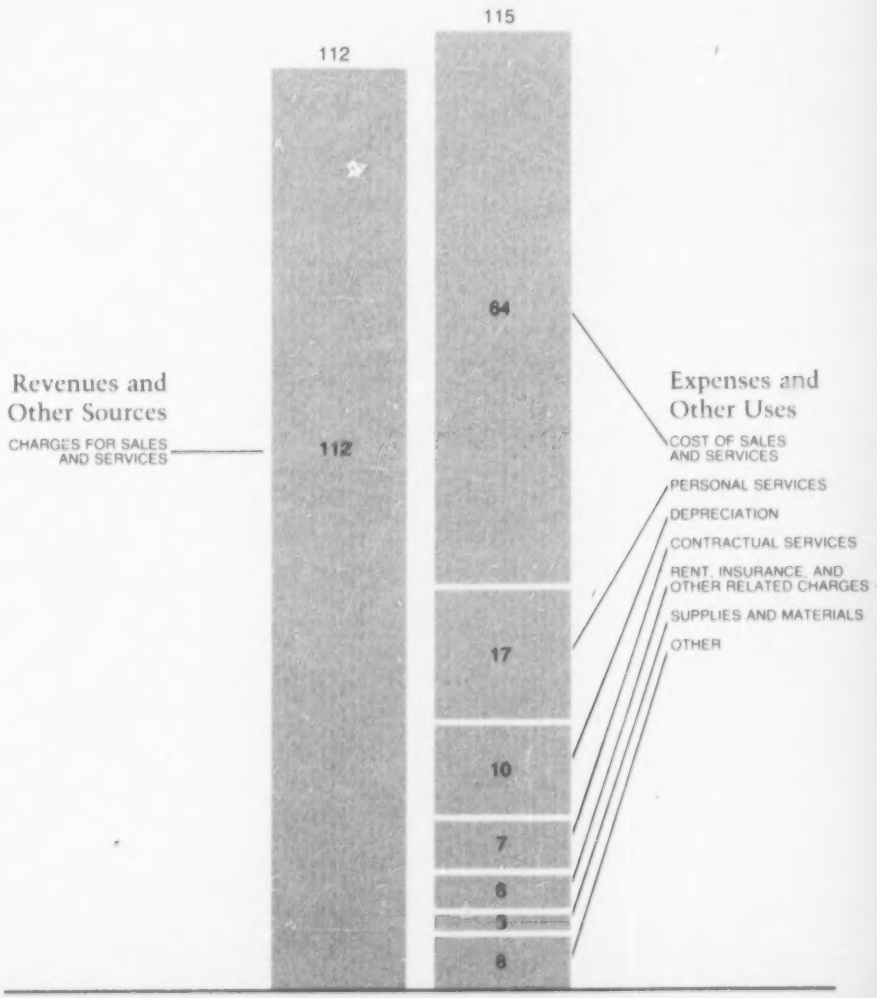
Internal Service Funds are maintained to account for the operations of State agencies which render services to other State agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis. The following are the Internal Service Funds activities of the Commonwealth and their functions:

- ***Department of Information Technology—to account for the installation and maintenance of the State government's telephone system, the development, use, and maintenance of the Commonwealth's data processing systems, and the development of automated systems.***
- ***State Surplus Property—to account for the activity involving the transfer and sale of State-owned surplus property.***
- ***Maintenance and Repair—to account for services outside the scope of normal maintenance or custodial services provided to other agencies by the Bureau of Buildings and Grounds.***
- ***Central Warehouse—to account for supplies purchased for and used by State agencies.***
- ***Office of Graphic Communications—to account for the activities of the Commonwealth's graphic design division.***
- ***Central Garage—to account for the activities of the Commonwealth's motor vehicle pool.***
- ***Bureau of Industrial Enterprises—to account for the manufacturing activities of the State's correctional facilities.***

Analysis

During 1985, Internal Service Funds received $112.6 million in operating revenues, which represented an increase of 8.4% over 1984, and had operating expenses of $110.3 million, which represented an increase of 13.7% over 1984. Income before operating transfers of $.6 million represented a decrease of $6.3 million in 1985, as compared to 1984.

Internal Service Funds
Revenues and Expenses
Fiscal Year 1985
(DOLLARS IN MILLIONS)



Combining Balance Sheet
Internal Service Funds

June 30, 1985
(Dollars in Thousands)

	Information Technology	State Surplus Property	Maintenance and Repair
Assets			
Cash and Investments	$ 1,336	$ 123	$ 286
Petty Cash and Travel Advances	25	—	—
Loans and Accounts Receivable (Net)	5,743	—	319
Other Receivables	—	—	—
Inventory	523	—	—
Prepaid Expenses	488	—	—
Property, Plant, and Equipment (Net)	15,522	104	—
Total Assets	$ 23,637	$ 227	$ 605
Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	$ 2,942	$ 5	$ 141
Due to Commercial Institutions	13,106	—	—
Other Liabilities	1,939	3	325
Loans Payable to the General Fund	2,070	—	—
Deferred Revenue	—	—	—
Accrued Liability for Compensated Absences	1,121	13	—
Capital Lease Obligations	1,360	—	—
Total Liabilities	22,538	21	466
Fund Equity:			
Contributed Capital	—	—	—
Retained Earnings:			
Designated	460	—	—
Undesignated	639	206	139
Total Fund Equity	1,099	206	139
Total Liabilities and Fund Equity	$ 23,637	$ 227	$ 605

See Notes to the Financial Statements.

Central Warehouse	Office of Graphic Communications	Central Garage	Industrial Enterprises	Totals June 30, 1985	Totals June 30, 1984
$ 98	$ 86	$ 911	$ 1,042	**$ 3,882**	$ 12,533
—	—	—	3	**28**	26
972	29	1,129	1,642	**9,834**	7,820
—	—	—	6	**6**	36
2,258	—	—	8,140	**10,921**	9,613
—	—	—	2	**490**	173
1,230	5	12,950	4,800	**34,611**	25,009
$ 4,558	$ 120	$ 14,990	$ 15,635	**$ 59,772**	$ 55,210
$ 303	$ 5	$ 245	$ 1,095	**$ 4,736**	$ 4,183
—	—	—	—	**13,106**	8,293
—	—	—	—	**2,267**	1,102
2,800	68	—	—	**4,938**	5,375
—	3	—	114	**117**	758
63	8	50	334	**1,589**	1,340
—	—	—	—	**1,360**	—
3,166	84	295	1,543	**28,113**	21,051
—	—	—	3,880	**3,880**	3,831
—	—	—	—	**460**	—
1,392	36	14,695	10,212	**27,319**	30,328
1,392	36	14,695	14,092	**31,659**	34,159
$ 4,558	$ 120	$ 14,990	$ 15,635	**$ 59,772**	$ 55,210

Combining Statement of Revenues, Expenses, and Changes in Fund Equity Internal Service Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Information Technology	State Surplus Property	Maintenance and Repair
Operating Revenues:			
Charges for Sales and Services	$ 61,170	$ 388	$ 3,770
Total Operating Revenues	61,170	388	3,770
Operating Expenses:			
Cost of Sales and Services	30,048	—	—
Personal Services	12,791	111	1,180
Contractual Services	3,556	38	1,022
Supplies and Materials	685	14	436
Grants	8	—	—
Expendable Equipment	544	3	27
Depreciation	6,801	13	—
Rent, Insurance, and Other Related Charges	4,525	3	966
Other	2,435	—	—
Total Operating Expenses	61,393	182	3,631
Operating Income (Loss)	(223)	206	139
Nonoperating Revenues (Expenses):			
Interest, Dividends, and Rents	(1,583)	—	—
Discounts	—	—	—
Gain (Loss) on Sale of Fixed Assets	21	—	—
Other	—	—	—
Total Nonoperating Revenues (Expenses)	(1,562)	—	—
Transfers:			
Appropriations Act Transfers	(1)	—	—
Operating Transfers Out	—	—	—
Total Transfers	(1)	—	—
Income (Loss) From Operations	(1,786)	206	139
Cumulative Effect—Leases	97	—	—
Net Income (Loss)	(1,689)	206	139
Change in Contributed Capital	—	—	—
Fund Equity, July 1, as adjusted (Note 12)	2,788	—	—
Fund Equity, June 30	$ 1,099	$ 206	$ 139

See Notes to the Financial Statements.

Central Warehouse	Office of Graphic Communications	Central Garage	Industrial Enterprises	Totals Year Ended June 30, 1985	Totals Year Ended June 30, 1984
$ 23,509	$ 269	$ 7,921	$ 15,531	**$112,558**	$103,856
23,509	269	7,921	15,531	**112,558**	103,856
22,192	—	—	11,662	**63,902**	58,246
738	121	497	1,630	**17,068**	13,904
207	120	1,353	367	**6,663**	5,571
98	7	2,055	167	**3,462**	3,023
7	—	—	2	**17**	30
8	1	8	13	**604**	278
108	1	2,430	663	**10,016**	6,522
88	—	165	346	**6,093**	9,409
—	—	13	—	**2,448**	2
23,446	250	6,521	14,850	**110,273**	96,985
63	19	1,400	681	**2,285**	6,871
1	—	—	—	**(1,582)**	(317)
97	—	—	—	**97**	101
—	—	(306)	—	**(285)**	156
26	—	—	15	**41**	34
124	—	(306)	15	**(1,729)**	(26)
(5)	—	(1,427)	(1,001)	**(2,434)**	(250)
—	—	—	(775)	**(775)**	—
(5)	—	(1,427)	(1,776)	**(3,209)**	(250)
182	19	(333)	(1,080)	**(2,653)**	6,595
—	—	—	—	**97**	—
182	19	(333)	(1,080)	**(2,556)**	6,595
—	—	—	49	**49**	—
1,210	17	15,028	15,123	**34,166**	27,564
$ 1,392	$ 36	$ 14,695	$ 14,092	**$ 31,659**	$ 34,159

Combining Statement of Changes in Financial Position
Internal Service Funds

For the Fiscal Year Ended June 30, 1985
(Dollars in Thousands)

	Information Technology	State Surplus Property	Maintenance and Repair
Sources of Working Capital:			
Operations:			
Net Income (Loss)	$ (1,689)	$ 206	$ 139
Items Not Requiring Working Capital:			
Depreciation	6,801	13	—
Loss (Gain) on Sale of Fixed Assets	(21)	—	—
Compensated Absences	148	14	—
Working Capital Provided by Operations	5,239	233	139
Increase in Capital Appropriated	—	—	—
Increase in Long-Term Debt Payable	12,681	—	—
Increase in Retained Earnings Due to Prior-Period Adjustment	—	—	—
Sale of Fixed Assets	73	—	—
Total Sources (Uses) of Working Capital	17,993	233	139
Uses of Working Capital:			
Reduction in Retained Earnings Due to Prior-Period Adjustment	—	—	—
Acquisition of Property, Plant, and Equipment	13,954	117	—
Reduction in Long-Term Debt Payable	10,742	—	—
Total Uses of Working Capital	24,696	117	—
Net Increase (Decrease) in Working Capital	$ (6,703)	$ 116	$ 139
Elements of Net Increase (Decrease) in Working Capital:			
Cash and Investments	$ (4,100)	$ 123	$ 286
Receivables	1,276	—	319
Inventories	395	—	—
Prepaid Expenses	343	—	—
Payables, Deposits, and Other Liabilities	(4,833)	(7)	(466)
Deferred Revenue	216	—	—
Net Increase (Decrease) in Working Capital	$ (6,703)	$ 116	$ 139

See Notes to the Financial Statements.

Central Warehouse	Office of Graphic Communications	Central Garage	Industrial Enterprises	Totals Year Ended June 30, 1985	Totals Year Ended June 30, 1984
$ 182	$ 19	$ (333)	$ (1,080)	**$ (2,556)**	$ 6,595
108	1	2,430	663	**10,016**	6,522
—	—	306	—	**285**	148
8	—	—	81	**251**	134
298	20	2,403	(336)	**7,996**	13,399
—	—	—	49	**49**	—
—	—	—	—	**12,681**	8,068
—	—	—	5	**5**	—
—	—	147	—	**220**	375
298	20	2,550	(282)	**20,951**	21,842
—	—	—	—	—	452
73	—	4,411	1,568	**20,123**	12,431
200	7	—	—	**10,949**	4,556
273	7	4,411	1,568	**31,072**	17,439
$ 25	$ 13	$ (1,861)	$ (1,850)	**$ (10,121)**	$ 4,403
$ (34)	$ 11	$ (2,221)	$ (2,714)	**$ (8,649)**	$ 1,521
319	6	257	(193)	**1,984**	1,575
(237)	—	—	1,150	**1,308**	2,776
(28)	—	—	2	**317**	26
5	(4)	103	(520)	**(5,722)**	(3,240)
—	—	—	425	**641**	1,745
$ 25	$ 13	$ (1,861)	$ (1,850)	**$ (10,121)**	$ 4,403

—VIRGINIA STATE LIBRARY

On April 27, 1870 the infamous Capitol Disaster claimed sixty-two lives and injured over two hundred and fifty. The collapse of a gallery and the second floor courtroom was caused by overcrowding on the occasion of a controversial Richmond mayoralty dispute.

As a direct result of the catastrophe, all public structures became suspect of faulty or deteriorated construction. Richmond's handsome 1817 Neoclassical City Hall was demolished on the false premise that it, too, would be subject to structural failure. Ironically, the building was far more difficult to demolish than anticipated, which suggests that the action was irrational and sadly unnecessary.

Completion of the Washington Monument, on the right, was interrupted by the lack of funds during Reconstruction. Although not depicted by the artist, most of the remaining statuary on the pedestals surrounding Washington was in place by 1870.

Trust and Agency Funds

Trust and Agency Funds are maintained to account for assets held by the Commonwealth in the capacity of a trustee or agent. These funds include pension trusts, nonexpendable trusts, numerous expendable fiduciary funds, and agency funds. The Pension Trust Funds reflect the activities of the retirement systems administered by the Virginia Supplemental Retirement System for the Commonwealth. Employees participate in one of three contributory retirement systems. The Virginia Supplemental Retirement System provides retirement benefits to Commonwealth employees and teachers. The State Police Officers' Retirement System provides retirement benefits to Virginia State Police officers, and the Judicial Retirement System provides retirement benefits to the Commonwealth's judges. The following are the nonexpendable trusts, the agencies which administer them, and the purposes of those trusts:

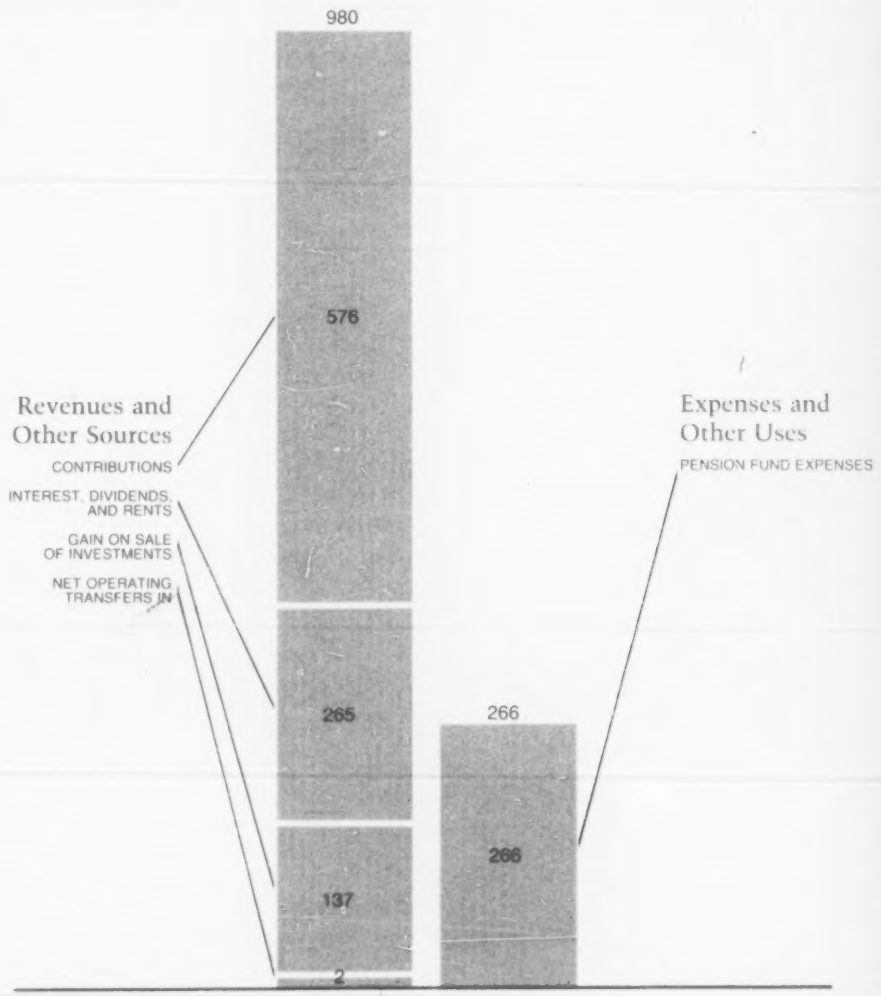
- ***Inmate and Ward Trust Fund (Department of Corrections)—operates a savings deposit account for inmates.***
- ***Canteen Fund (Department of Corrections)—operates the canteens or commissaries at correctional institutions.***
- ***Rural Rehabilitation Trust Fund (Department of Agriculture and Consumer Services)—provides farm realty loans to low and moderate income farmers.***
- ***Virginia Museum Nonexpendable Trusts (Virginia Museum of Fine Arts)—supports the expendable trusts at the Virginia Museum by transferring investment income to these trusts.***

The numerous expendable trust funds reported by the Commonwealth are either Treasury Administered Trust Funds or Local Agency Administered Trust Funds. These funds include various trusts, such as those for educational programs at museums, and funds for unemployment compensation. Agency Funds report those funds for which the State acts solely in a custodial capacity. Agency Funds include sales tax deposits, employee benefits (including the deferred compensation plan), and Medicaid payments.

Analysis

Pension Trust operating revenues increased 19.6%, while operating expenses increased 5.0% over the prior year. The revenue increase resulted from an increase in retirement system member contributions for the year. Nonoperating revenues from interest, dividends, and rents, and gains on sale of investments increased 34.1% over the prior year, primarily due to an increase in net gain on investments sold. The result of these activities was net income of $714 million in 1985.

Pension Trust Funds
Revenues and Expenses
Fiscal Year 1985
(DOLLARS IN MILLIONS)



Combining Balance Sheet
All Trust and Agency Funds

June 30, 1985

(Dollars in Thousands)

	Pension Trust Funds					
	Virginia Supplemental Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Pooled Assets Account	Administration Fund	Total Pension Trust Funds
Assets						
Cash and Investments	$ 45	$ —	$ —	$ 1,999	$ 1,511	$ 3,555
Cash and Investments with Trustees	—	—	—	—	—	—
Petty Cash and Travel Advances	—	—	—	—	—	—
Loans and Accounts Receivable (Net)	31,759	—	—	—	—	31,759
Accrued Interest Receivable	—	—	—	44,312	—	44,312
Other Receivables	7,855	132	100	5,315	2	13,404
Investments:						
Bonds	—	—	—	1,381,689	—	1,381,689
Stocks	—	—	—	2,094,755	—	2,094,755
Short-Term Securities	—	—	—	407,794	—	407,794
Other Securities	—	—	—	—	—	—
Real Estate	—	—	—	226,657	—	226,657
Inventory	—	—	—	—	—	—
Other Assets	—	—	—	—	—	—
Property, Plant, and Equipment (Net)	—	—	—	—	766	766
Equity Distribution From Pooled Assets	4,025,753	57,218	34,027	(4,116,998)	—	—
Total Assets	$ 4,065,412	$ 57,350	$ 34,127	$ 45,523	$ 2,279	$ 4,204,691
Liabilities and Fund Equity						
Liabilities:						
Accounts Payable	$ —	$ —	$ —	$ —	$ 1,469	$ 1,469
Amounts Due to Localities	—	—	—	—	—	—
Accrued Interest Payable	—	—	—	—	—	—
Deposits Pending Distribution	—	—	—	—	—	—
Other Liabilities	7,780	132	100	20	393	8,425
Deferred Revenue	—	—	—	—	—	—
Retirement Refunds Payable	2,243	6	—	—	—	2,249
Retirement Benefits Payable	18,193	222	404	—	—	18,819
Accrued Liability for Compensated Absences	—	—	—	—	209	209
Due to Providers	—	—	—	—	—	—
Employee Benefits Payable	—	—	—	—	—	—
Total Liabilities	28,216	360	504	20	2,071	31,171
Fund Equity:						
Fund Balance:						
Reserved for Pension Benefits	4,037,196	56,990	33,623	45,503	208	4,173,520
Reserved for Deferred Charges	—	—	—	—	—	—
Reserved for Workmen's Compensation	—	—	—	—	—	—
Reserved for VPSA Loans Receivable	—	—	—	—	—	—
Unreserved, Designated	—	—	—	—	—	—
Total Fund Equity	4,037,196	56,990	33,623	45,503	208	4,173,520
Total Liabilities and Fund Equity	$ 4,065,412	$ 57,350	$ 34,127	$ 45,523	$ 2,279	$ 4,204,691

See Notes to the Financial Statements.

Nonexpendable Trust Funds				Expendable Trust Funds			Agency Funds	Totals	
Virginia Museum of Fine Arts	Agriculture and Consumer Services	Department of Corrections	Total Nonexpendable Trust Funds	Treasury Administered Trust Funds	Local Administered Trust Funds	Total Expendable Trust Funds		June 30, 1985	June 30, 1984
$ 42	$ 2,467	$ 1,155	$ 3,664	$ 300,641	$ 31,414	$ 332,055	$ 142,391	**$ 481,665**	$ 437,703
—	—	—	—	—	393,855	393,855	—	**393,855**	203,656
—	—	—	—	—	120	120	—	**120**	119
—	405	336	741	226,763	7,617	234,380	—	**266,880**	279,207
—	—	—	—	—	281	281	—	**44,593**	42,946
—	—	16	16	—	25	25	—	**13,445**	9,845
144	—	—	144	—	149,350	149,350	—	**1,531,183**	1,282,558
1,448	—	—	1,448	—	466	466	—	**2,096,669**	1,719,304
—	—	542	542	—	1,421	1,421	—	**409,757**	315,683
—	—	—	—	—	54,329	54,329	112,885	**167,214**	150,485
—	—	—	—	—	—	—	—	**226,657**	200,988
—	—	368	368	—	20	20	—	**388**	343
—	—	—	—	—	26	26	—	**26**	27
—	3	20	23	—	—	—	—	**789**	6,700
—	—	—	—	—	—	—	—	**—**	—
$ 1,634	$ 2,875	$ 2,437	$ 6,946	$ 527,404	$ 638,924	$1,166,328	$ 255,276	**$5,633,241**	$4,649,564
$ 9	$ —	$ 336	$ 345	$ —	$ 10,176	$ 10,176	$ —	**$ 11,990**	$ 11,745
—	—	—	—	—	—	—	56,327	**56,327**	39,030
—	—	—	—	—	1	1	—	**1**	—
—	—	—	—	—	644	644	6,514	**7,158**	10,384
—	56	129	185	—	836	836	—	**9,446**	9,593
—	—	—	—	—	4	4	—	**4**	3
—	—	—	—	—	—	—	—	**2,249**	3,307
—	—	—	—	—	—	—	—	**18,819**	17,125
—	11	—	11	—	1	1	—	**221**	179
—	—	—	—	—	—	—	121,910	**121,910**	103,130
—	—	—	—	—	—	—	70,525	**70,525**	71,856
9	67	465	541	—	11,662	11,662	255,276	**298,650**	266,352
—	—	—	—	—	—	—	—	**4,173,520**	3,459,475
—	—	—	—	—	—	—	—	**—**	27
—	—	—	—	—	4,382	4,382	—	**4,382**	4,289
—	—	—	—	226,763	—	226,763	—	**226,763**	203,943
1,625	2,808	1,972	6,405	300,641	622,880	923,521	—	**929,926**	715,478
1,625	2,808	1,972	6,405	527,404	627,262	1,154,666	—	**5,334,591**	4,383,212
$ 1,634	$ 2,875	$ 2,437	$ 6,946	$ 527,404	$ 638,924	$ 1,166,328	$ 255,276	**$ 5,633,241**	$ 4,649,564

Combining Statement of Revenues, Expenses, and Changes in Fund Balances Pension Trust and Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Pension Trust Funds				
	Virginia Supplemental Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Pooled Assets Account	Administration Fund
Operating Revenues:					
Charges for Sales and Services	$ —	$ —	$ —	$ —	$ —
Contributions	565,203	5,041	6,148	—	—
Other	422	—	—	89	80
Total Operating Revenues	565,625	5,041	6,148	89	80
Operating Expenses:					
Cost of Sales and Services	—	—	—	—	—
Personal Services	—	—	—	—	—
Depreciation	—	—	—	—	90
Pension Fund	248,507	2,247	4,767	—	10,737
Other	—	—	—	—	—
Total Operating Expenses	248,507	2,247	4,767	—	10,827
Operating Income (Loss)	317,118	2,794	1,381	89	(10,747)
Nonoperating Revenues (Expenses):					
Interest, Dividends, and Rents	5	—	—	264,944	—
Net Gain on Sale of Investments	—	—	—	136,402	—
Other	—	—	—	—	—
Total Nonoperating Revenues (Expenses)	5	—	—	401,346	—
Transfers:					
Operating Transfers In	378,331	5,517	3,280	—	12,051
Operating Transfers Out	—	—	—	(397,120)	—
Total Transfers	378,331	5,517	3,280	(397,120)	12,051
Net Income	695,454	8,311	4,661	4,315	1,304
Fund Balance (Deficit), July 1	3,341,742	48,679	28,962	41,188	(1,096)
Fund Balance, June 30	$ 4,037,196	$ 56,990	$ 33,623	$ 45,503	$ 208

See Notes to the Financial Statements.

Total Pension Trust Funds	Nonexpendable Trust Funds: Virginia Museum of Fine Arts	Nonexpendable Trust Funds: Department of Agriculture and Consumer Services	Nonexpendable Trust Funds: Department of Corrections	Total Nonexpendable Trust Funds	Totals: Year Ended June 30, 1985	Totals: Year Ended June 30, 1984
$ —	$ —	$ —	$ 4,438	$ 4,438	**$ 4,438**	$ 4,055
576,392	10	—	—	10	**576,402**	481,907
591	—	—	8,172	8,172	**8,763**	8,340
576,983	10	—	12,610	12,620	**589,603**	494,302
—	—	—	3,843	3,843	**3,843**	3,541
—	—	127	—	127	**127**	82
90	—	1	5	6	**96**	41
266,258	—	—	—	—	**266,258**	253,676
—	—	—	8,457	8,457	**8,457**	7,751
266,348	—	128	12,305	12,433	**278,781**	265,091
310,635	10	(128)	305	187	**310,822**	229,211
264,949	—	341	79	420	**265,369**	227,631
136,402	118	—	—	118	**136,520**	72,274
—	—	—	(188)	(188)	**(188)**	(178)
401,351	118	341	(109)	350	**401,701**	299,727
399,179	—	—	—	—	**399,179**	296,441
(397,120)	—	—	—	—	**(397,120)**	(294,200)
2,059	—	—	—	—	**2,059**	2,241
714,045	128	213	196	537	**714,582**	531,179
3,459,475	1,497	2,595	1,776	5,868	**3,465,343**	2,934,164
$ 4,173,520	$ 1,625	$ 2,808	$ 1,972	$ 6,405	**$ 4,179,925**	$ 3,465,343

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Expendable Trust Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Treasury Administered Trust Funds	Local Agency Administered Trust Funds	Totals Year Ended June 30, 1985	Totals Year Ended June 30, 1984
Revenues:				
Taxes	$ —	$ 282,936	**$ 282,936**	$ 289,629
Rights and Privileges	—	6,617	**6,617**	12,286
Assessments and Receipts for Support of Special Services	—	4,552	**4,552**	4,520
Sales of Property and Commodities	8,000	—	**8,000**	18,846
Interest, Dividends, and Rents	53,970	29,868	**83,838**	42,314
Fines, Forfeitures, Court Fees, Penalties, and Escheats	15,693	—	**15,693**	20,576
Federal Grants, Contracts, and Revenue Sharing	—	34,903	**34,903**	25,829
Receipts from Cities, Counties, and Towns	—	—	—	3,657
Private Donations, Gifts, and Contracts	—	97	**97**	—
Institutional Revenue	—	976	**976**	—
Other	—	7,251	**7,251**	1,423
Total Revenues	77,663	367,200	**444,863**	419,080
Expenditures:				
General Government	—	6,639	**6,639**	3,473
Education	3,595	2,042	**5,637**	46,698
Transportation	—	10,559	**10,559**	14,346
Resources and Economic Development	—	2,622	**2,622**	1,912
Individual and Family Services	—	193,962	**193,962**	186,326
Total Expenditures	3,595	215,824	**219,419**	252,755
Revenues Over Expenditures	74,068	151,376	**225,444**	166,325
Other Financing Sources (Uses):				
Appropriations Act Transfers	—	(1)	**(1)**	(131)
Operating Transfers In	—	6,369	**6,369**	7,721
Operating Transfers Out	(40,994)	(5,628)	**(46,622)**	(33,880)
Trust Fund Receipts Over Disbursements	5,067	20,978	**26,045**	20,880
Net Increase in Assets Held by Trustees	1,871	182,629	**184,500**	180,972
Insurance Receipts Over (Under) Disbursements	--	(1,622)	**(1,622)**	10,341
Proceeds from Capital Leases	—	1,976	**1,976**	—
Other Sources (Uses)	8,047	(162,278)	**(154,231)**	(151,118)
Total Other Financing Sources (Uses)	(26,009)	42,423	**16,414**	34,785
Revenues and Other Sources Over Expenditures and Other Uses	48,059	193,799	**241,858**	201,110
Fund Balance, July 1, as adjusted (Note 12)	479,345	433,463	**912,808**	716,759
Fund Balance, June 30	$ 527,404	$ 627,262	**$1,154,666**	$ 917,869

See Notes to the Financial Statements.

Combining Statement of Changes in Financial Position
Pension Trust and Nonexpendable Trust Funds

For the Fiscal Year Ended June 30, 1985
(Dollars in Thousands)

	Pension Trust Funds				
	Virginia Supplemental Retirement System	State Police Officers' Retirement System	Judicial Retirement System	Pooled Assets Account	Administration Fund
Sources of Working Capital:					
Operations:					
Net Income	$ 695,454	$ 8,311	$ 4,661	$ 4,315	$ 1,304
Items Not Requiring Working Capital:					
Depreciation	—	—	—	—	90
Amortization of Net Loss on Securities Exchanged	—	—	—	(7,532)	—
Compensated Absences	—	—	—	—	40
Working Capital Provided by Operations	695,454	8,311	4,661	(3,217)	1,434
Sale of Fixed Assets	—	—	—	6,424	—
Addition to Retained Earnings due to Prior-Period Adjustment	—	—	—	—	—
Total Sources of Working Capital	695,454	8,311	4,661	3,207	1,434
Uses of Working Capital:					
Reduction in Retained Earnings due to Prior-Period Adjustment	—	—	—	—	—
Acquisition of Property, Plant, and Equipment	—	—	—	—	607
Increase in Long-Term Investments	—	—	—	607,273	—
Increase (Decrease) in Equity in Pooled Assets	690,172	8,347	4,667	(703,186)	—
Total Uses of Working Capital	690,172	8,347	4,667	(95,913)	607
Net Increase (Decrease) in Working Capital	$ 5,282	$ (36)	$ (6)	$ 99,120	$ 827
Elements of Net Increase (Decrease) in Working Capital:					
Cash and Investments	$ 5	$ —	$ —	$ (47)	$ 1,166
Securities	—	—	—	93,490	—
Receivables	5,702	(105)	(20)	5,157	—
Inventories	—	—	—	—	—
Payables, Deposits, and Other Liabilities	170	104	20	520	(339)
Retirement Benefits Payable	(1,604)	(65)	(25)	—	—
Retirement Refunds Payable	1,009	30	19	—	—
Net Increase (Decrease) In Working Capital	$ 5,282	$ (36)	$ (6)	$ 99,120	$ 827

See Notes to the Financial Statements.

Total Pension Trust Funds	Nonexpendable Trust Funds: Virginia Museum of Fine Arts	Nonexpendable Trust Funds: Department of Agriculture and Consumer Services	Nonexpendable Trust Funds: Department of Corrections	Nonexpendable Trust Funds: Total Nonexpendable Trust Funds	Totals: Year Ended June 30, 1985	Totals: Year Ended June 30, 1984
$ 714,045	$ 128	$ 213	$ 196	$ 537	**$ 714,582**	$ 531,179
90	—	1	5	6	**96**	41
(7,532)	—	—	—	—	**(7,532)**	(7,585)
40	—	1	—	1	**41**	(3)
706,643	128	215	201	544	**707,187**	523,632
6,424	—	—	—	—	**6,424**	—
—	—	—	—	—	—	111
713,067	128	215	201	544	**713,611**	523,743
—	—	—	—	—	—	228
607	—	—	2	2	**609**	6,465
607,273	142	—	—	142	**607,415**	411,078
—	—	—	—	—	—	—
607,880	142	—	2	144	**608,024**	417,771
$ 105,187	$ (14)	$ 215	$ 199	$ 400	**$ 105,587**	$ 105,972
$ 1,124	$ (53)	$ 282	$ 132	$ 361	**$ 1,485**	$ (8,403)
93,490	—	—	75	75	**93,565**	104,303
10,734	—	(14)	(39)	(53)	**10,681**	8,251
—	—	—	46	46	**46**	(25)
475	39	(53)	(15)	(29)	**446**	3,026
(1,694)	—	—	—	—	**(1,694)**	(1,728)
1,058	—	—	—	—	**1,058**	548
$ 105,187	$ (14)	$ 215	$ 199	$ 400	**$ 105,587**	$ 105,972

Combining Statement of Changes in Assets and Liabilities
All Agency Funds

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Balance (Restated) July 1, 1984	Additions	Deletions	Balance June 30, 1985
Legal Settlement Funds				
Assets:				
Cash and Investments	$ 869	$ 275	$ 196	$ 948
Total Assets	$ 869	$ 275	$ 196	$ 948
Liabilities:				
Deposits Pending Distribution	$ 869	$ 275	$ 196	$ 948
Total Liabilities	$ 869	$ 275	$ 196	$ 948
Sales Tax Deposits				
Assets:				
Cash and Investments	$ 27,332	$ 322,125	$ 320,400	$ 29,057
Total Assets	$ 27,332	$ 322,125	$ 320,400	$ 29,057
Liabilities:				
Amounts Due to Localities	$ 27,332	$ 322,125	$ 320,400	$ 29,057
Total Liabilities	$ 27,332	$ 322,125	$ 320,400	$ 29,057
Employee Benefits				
Assets:				
Cash and Investments	$ 71,856	$ 921,039	$ 922,370	$ 70,525
Total Assets	$ 71,856	$ 921,039	$ 922,370	$ 70,525
Liabilities:				
Employee Benefits Payable	$ 71,856	$ 921,039	$ 922,370	$ 70,525
Total Liabilities	$ 71,856	$ 921,039	$ 922,370	$ 70,525
Northern Virginia Fuel Tax				
Assets:				
Cash and Investments	$ 889	$ 9,828	$ 9,800	$ 917
Total Assets	$ 889	$ 9,828	$ 9,800	$ 917
Liabilities:				
Amounts Due to Localities	$ 889	$ 9,828	$ 9,800	$ 917
Total Liabilities	$ 889	$ 9,828	$ 9,800	$ 917
Mined Land Deposits				
Assets:				
Cash and Investments	$ 5,588	$ 176	$ 198	$ 5,566
Total Assets	$ 5,588	$ 176	$ 198	$ 5,566
Liabilities:				
Deposits Pending Distribution	$ 5,588	$ 176	$ 198	$ 5,566
Total Liabilities	$ 5,588	$ 176	$ 198	$ 5,566
Medicaid Payments				
Assets:				
Cash and Investments	$ 6,974	$ 546,211	$ 544,160	$ 9,025
Total Assets	$ 6,974	$ 546,211	$ 544,160	$ 9,025
Liabilities:				
Due to Providers	$ 6,974	$ 546,211	$ 544,160	$ 9,025
Total Liabilities	$ 6,974	$ 546,211	$ 544,160	$ 9,025
Deposits of Insurance Carriers				
Assets:				
Investments	$ 96,156	$ 22,446	$ 5,717	$ 112,885
Total Assets	$ 96,156	$ 22,446	$ 5,717	$ 112,885
Liabilities:				
Due to Providers	$ 96,156	$ 22,446	$ 5,717	$ 112,885
Total Liabilities	$ 96,156	$ 22,446	$ 5,717	$ 112,885
Local Government Investment Pool				
Assets:				
Cash and Investments	$ 10,809	$ 100,279	$ 84,735	$ 26,353
Total Assets	$ 10,809	$ 100,279	$ 84,735	$ 26,353
Liabilities:				
Amounts Due to Localities	$ 10,809	$ 100,279	$ 84,735	$ 26,353
Total Liabilities	$ 10,809	$ 100,279	$ 84,735	$ 26,353
Totals—All Agency Funds				
Assets:				
Cash and Investments	$ 124,317	$ 1,899,933	$ 1,881,859	$ 142,391
Investments	96,156	22,446	5,717	112,885
Total Assets	$ 220,473	$ 1,922,379	$ 1,887,576	$ 255,276
Liabilities:				
Deposits Pending Distribution	$ 6,457	$ 451	$ 394	$ 6,514
Amounts Due to Localities	39,030	432,232	414,935	56,327
Employee Benefits Payable	71,856	921,039	922,370	70,525
Due to Providers	103,130	568,657	549,877	121,910
Total Liabilities	$ 220,473	$ 1,922,379	$ 1,887,576	$ 255,276

See Notes to the Financial Statements.

General Fixed Assets Account Group

The General Fixed Assets Account Group is maintained to account for those fixed assets used in operations, which are accounted for in governmental funds. Fixed assets of the proprietary fund types and similar trusts, the Higher Education Fund, and Public Benefit Corporations are accounted for within those funds. The Commonwealth, three years ago, developed and implemented a fixed assets accounting and control system. Although utilization of the system is not complete, at year end the General Fixed Assets Account Group included the majority of the land, buildings, and EDP equipment owned by the Commonwealth. The Commonwealth has added a material dollar value of furniture, fixtures, and equipment. These assets represent a materially significant percentage of the State's total fixed assets.

Analysis

The General Fixed Assets Account Group is stated at historical cost. At year end the general fixed assets, less accumulated depreciation, recorded in the fixed assets accounting system totaled $532 million. Infrastructures, including highways, bridges, and rights-of-way, are not capitalized. No depreciation expense is recognized on general fixed assets, but accumulated depreciation is calculated and reported in order to reflect the book value of those fixed assets.

Schedule of General Fixed Assets by Source

June 30, 1985

(Dollars in Thousands)

General Fixed Assets:		
Land		$ 141,786
Buildings	$ 486,810	
Less: Accumulated Depreciation	(194,317)	292,493
Equipment	60,963	
Less: Accumulated Depreciation	(32,578)	28,385
Improvements Other than Buildings	83,541	
Less: Accumulated Depreciation	(35,757)	47,784
Construction in Progress		21,226
Net General Fixed Assets		$ 531,674
Investments in General Fixed Assets from:		
Capital Lease Obligations		$ 11,348
General Obligation Bonds		11,722
Federal Grants		15,921
Nonfederal Grants		69
General Fund Revenues		569,895
Special Fund Revenues		131,458
Gifts and Donations		16,436
Local Funds		330
Other Funds		37,147
Total Investment in General Fixed Assets, at Cost		794,326
Less: Accumulated Depreciation		(262,652)
Net Investment in General Fixed Assets		$ 531,674

See Notes to the Financial Statements.

Schedule of General Fixed Assets By Function and Activity

June 30, 1985

(Dollars in Thousands)

Function and Activity	Land	Buildings	Improvements Other than Buildings	Equipment	Total
Education	$ 5,758	$ 42,847	$ —	$ 3,432	$ 52,037
Administration of Justice	298	93,540	181	20,778	114,797
Individual and Family Services	26,908	160,237	3,707	20,976	211,828
Resources and Economic Development	52,266	24,063	393	3,749	80,471
Transportation	18,839	64,921	78,761	7,039	169,560
General Government	37,549	54,144	197	2,847	94,737
Enterprises	—	1	—	2,083	2,084
Capital Projects	168	47,057	302	59	47,586
Total General Fixed Assets Allocated to Functions	141,786	486,810	83,541	60,963	773,100
Less: Accumulated Depreciation	—	(194,317)	(35,757)	(32,578)	(262,652)
Net General Fixed Assets Allocated to Functions	$141,786	$ 292,493	$ 47,784	$ 28,385	510,448
Construction in Progress					21,226
Net General Fixed Assets					$ 531,674

See Notes to the Financial Statements.

Schedule of Changes in General Fixed Assets By Function and Activity

For the Fiscal Year Ended June 30, 1985
(Dollars in Thousands)

Function and Activity	General Fixed Assets (Restated) July 1, 1984	Additional Implementation	Acquisitions	Deletions	General Fixed Assets June 30, 1985
Education	$ 48,173	$ 3,792	$ 74	$ 2	**$ 52,037**
Administration of Justice	93,919	16,315	4,569	6	**114,797**
Individual and Family Services	194,367	15,968	2,288	795	**211,828**
Resources and Economic Development	75,536	4,464	471	—	**80,471**
Transportation	162,594	6,581	405	20	**169,560**
General Government	91,790	2,285	662	—	**94,737**
Capital Projects	46,389	1,044	153	—	**47,586**
Construction in Progress	13,104	—	8,402	280	**21,226**
Enterprises	8	1,771	305	—	**2,084**
Total General Fixed Assets	$ 725,880	$ 52,220	$ 17,329	$ 1,103	**794,326**
Less: Accumulated Depreciation					**(262,652)**
Total General Fixed Assets (Net of Accumulated Depreciation)					**$ 531,674**

See Notes to the Financial Statements.

General Long-Term Obligations Account Group

The General Long-Term Obligations Account Group is utilized to account for the outstanding principal balances of the Commonwealth's long-term obligations not reported in the proprietary fund types, Higher Education Fund, and Public Benefit Corporations. These include general obligation bonds for capital projects and certain revenue-producing capital projects, which are all backed by the full faith, credit, and taxing power of the Commonwealth, as well as refunds payable on withheld income taxes, the long-term portion of the liability for compensated absences, and the long-term portion of capital lease obligations. Refunds on income taxes withheld during calendar 1985 will be paid beginning in January, 1986, out of collections made in fiscal 1986. Also included are the long-term debt of the Virginia Port Authority, the Virginia Public School Authority, and the Virginia Public Building Authority which are not backed by the Commonwealth. The following are the bonds backed by the Commonwealth:

- *Transportation Facilities Bonds, Series 1973—issued in the amount of $103,000,000. $56,000,000 was paid in varying amounts from $7,000,000 to $8,750,000 annually through 1982. The remaining $47,000,000 has been defeased.*
- *Public Facilities Bonds, Series 1978—issued in the amount of $125,000,000, payable in annual installments of $6,575,000 through fiscal year 1998. Interest, ranging from 4.5% to 4.9%, is payable each February 1 and August 1.*
- *Transportation Facilities Bonds, Series 1982—issued in the amount of $57,000,000. $26,000,000 is payable in varying amounts from $500,000 to $3,200,000 annually through 2000, with interest, ranging from 8% to 12%, payable each June 1 and December 1. The remaining $31,000,000 is composed of term bonds, required to be redeemed beginning December 1, 2001, and each December 1 thereafter through 2007, in amounts varying from $3,500,000 to $5,000,000, with interest of 8.75%.*

Analysis

During fiscal year 1985, principal payments on Section 9(b) general obligation bonds amounted to $6.6 million, and 9(c) transportation bonds amounted to $47.0 million, which is the defeasance of the series 1973 Transportation Facilities Bonds. As a result of Virginia's conservative stance on incurring debt, as well as other factors, Virginia is one of the few states to consistently maintain a "triple A" bond rating.

Statement of Changes in General Long-Term Obligations

For the Fiscal Year Ended June 30, 1985
(Dollars in Thousands)

	Balance July 1, 1984	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 1985
Long-Term Obligations Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Article X, Sections 9(b) and 9(c) Bonds:				
Transportation Facilities Bonds, Series 1973 (Note 8)	$ 47,000	$ —	$ 47,000	$ —
Public Facilities Bonds, Series 1978	92,050	—	6,575	**85,475**
Transportation Facilities Bonds, Series 1982	57,000	—	—	**57,000**
Total Sections 9(b) and 9(c) Bonds	196,050	—	53,575	**142,475**
Other Long-Term Obligations:				
Long-Term Capital Lease Obligations	—	8,201	—	**8,201**
Estimated Tax Refunds Payable on Withheld Income Taxes	214,189	227,490	214,189	**227,490**
Long-Term Portion of the Liability for Compensated Absences	110,793	115,963	110,793	**115,963**
Total Long-Term Obligations Bearing the Pledge of the Full Faith and Credit of the Commonwealth	521,032	351,654	378,557	**494,129**
Long-Term Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Virginia Port Authority Long-Term Debt	33,103	1,717	4,333	**30,487**
Virginia Public School Authority Bonds	202,450	13,485	17,265	**198,670**
Virginia Public Building Authority Long-Term Debt	108,250	—	2,330	**105,920**
Total Long-Term Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	343,803	15,202	23,928	**335,077**
Total General Long-Term Obligations Account Group	$ 864,835	$ 366,856	$ 402,485	**$ 829,206**

See Notes to the Financial Statements.

Higher Education Fund

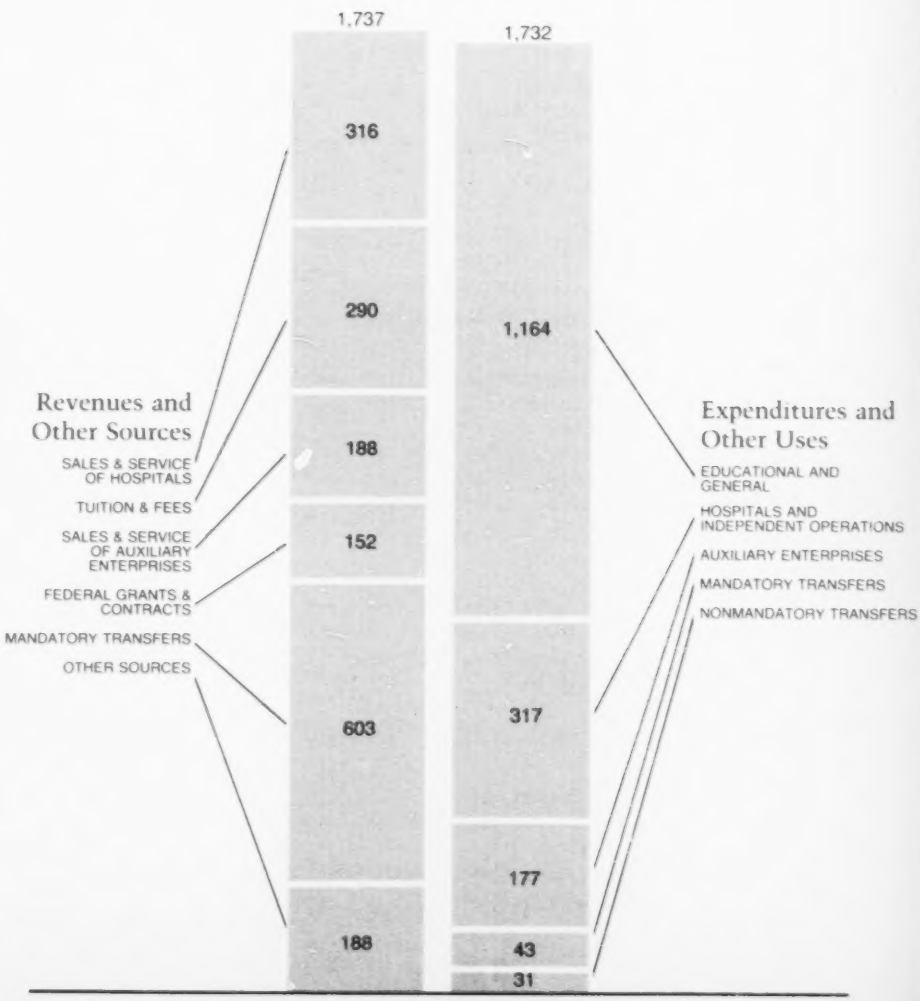
The Higher Education Fund is maintained to account for the resources received and used in the operation of the Commonwealth's institutions of higher education and the medical teaching hospitals administered by the governing boards of these institutions. Virginia has 15 four-year State colleges and universities, one two-year college, and two medical teaching hospitals. In addition, the Commonwealth has a community college system that is comprised of 23 two-year colleges.

Analysis

For the first time, the Higher Education Fund has been presented in conformance with the National Association of College and University Business Officers' (NACUBO) and the American Institute of Certified Public Accountants' (AICPA) recommended formats. Since comparable data is not available in this format for the fiscal year ended June 30, 1984, no prior year memorandum totals have been presented.

In 1985, current funds revenues and other sources totaled $1,736.7 million, composed primarily of transfers from other funds, sales and services of hospitals, student tuition and fees, sales and services of auxiliary enterprises, and federal grants and contracts. Expenditures and other uses, 67% of which was attributable to educational and general expenditures, came to $1,731.9 million. The net increase in fund balance for the current funds in 1985 was $4.8 million.

Higher Education
Current Funds
Revenues and Expenditures
Fiscal Year 1985
(DOLLARS IN MILLIONS)



Combining Balance Sheet
Higher Education Fund

June 30, 1985

(Dollars in Thousands)

	Commonwealth	Institutional	Total
Assets			
Current Funds:			
Cash and Temporary Investments	$ 65,447	$ 82,943	$ 148,390
Accounts Receivable (Net):			
Hospitals	80,076	—	80,076
Estimated Amounts Due from Third-Party Payors	5,953	—	5,953
Grants and Contracts	10,441	223	10,664
Other	10,581	9,469	20,050
Accrued Interest Receivable	—	1,510	1,510
Inventories	13,762	3,845	17,607
Prepaid Expenses	2,468	180	2,648
Investments	—	4,512	4,512
Due from Other Funds	6,214	263	6,477
Other Assets	1,040	197	1,237
Total Current Funds	195,982	103,142	299,124
Loan Funds:			
Cash and Temporary Investments	912	3,762	4,674
Accounts Receivable (Net)	21	75	96
Notes Receivable (Net)	12,617	35,382	47,999
Investments	—	283	283
Due from Other Funds	223	—	223
Other Assets	—	11	11
Total Loan Funds	13,773	39,513	53,286
Endowment and Similar Funds:			
Cash and Temporary Investments	—	8,890	8,890
Accrued Interest Receivable	—	2,301	2,301
Investments	—	313,385	313,385
Due from Other Funds	—	27,630	27,630
Total Endowment and Similar Funds	—	352,206	352,206
Plant Funds:			
Cash and Temporary Investments	182,479	77,060	259,539
Assets Held by Bond Trustees	32,631	—	32,631
Appropriations Available	110,231	—	110,231
Accounts Receivable (Net)	—	814	814
Investments	3,862	5,044	8,906
Due from Other Funds	2,127	460	2,587
Other Assets	6,652	117	6,769
Investment in Plant:			
Land	112,915	41,058	153,973
Improvements Other than Buildings	9,663	—	9,663
Buildings	963,789	226,489	1,190,278
Equipment	395,371	123,002	518,373
Construction in Progress	136,720	36,908	173,628
Livestock	851	—	851
Total Plant Funds	1,957,291	510,952	2,468,243
Agency Funds:			
Cash and Temporary Investments	427	8,485	8,912
Investments	—	796	796
Due from Other Funds	—	2	2
Other Assets	—	46	46
Total Agency Funds	$ 427	$ 9,329	$ 9,756

See Notes to the Financial Statements.

	Commonwealth	Institutional	Total
Liabilities and Fund Balances			
Current Funds:			
Accounts Payable	$ 60,724	$ 13,020	$ 73,744
Deposits and Deferred Revenues	24,864	5,280	30,144
Grants and Contract Prepayments	2,987	13	3,000
Advance from Treasurer of Virginia	2,654	1,370	4,024
Accrued Liability for Compensated Absences	29,936	1,065	31,001
Due to Other Funds	9,444	2,201	11,645
Other Liabilities	426	210	636
Fund Balances:			
Unrestricted	52,581	26,865	79,446
Restricted	12,366	53,118	65,484
Total Current Funds	195,982	103,142	299,124
Loan Funds:			
Accounts Payable	—	162	162
Due to Other Funds	—	263	263
Fund Balances:			
U.S. Government Grants Refundable	12,037	28,516	40,553
University Funds—Restricted	1,736	10,572	12,308
Total Loan Funds	13,773	39,513	53,286
Endowment and Similar Funds:			
Notes Payable	—	2,562	2,562
Collateral Deposits	—	17,751	17,751
Bonds Payable (Note 8)	—	31,859	31,859
Fund Balances:			
Life Income and Annuity	—	1,230	1,230
Endowment	—	126,282	126,282
Quasi-endowment—Unrestricted	—	85,360	85,360
Quasi-endowment—Restricted	—	87,162	87,162
Total Endowment and Similar Funds	—	352,206	352,206
Plant Funds:			
Accounts Payable	8,267	1,583	9,850
Bonds Payable (Note 8)	418,130	56,391	474,521
Notes Payable	24	1,924	1,948
Capital Lease Obligations	6,396	—	6,396
Installment Purchase Obligations	7,186	—	7,186
Due to Other Funds	9,404	25,010	34,414
Fund Balances:			
Unexpended	141,608	16,346	157,954
Renewals and Replacements	8,941	1,130	10,071
Retirement of Indebtedness	30,253	43,073	73,326
Net Investment in Plant	1,327,082	365,495	1,692,577
Total Plant Funds	1,957,291	510,952	2,468,243
Agency Funds:			
Deposits Held in Custody for Others	427	9,309	9,736
Other Liabilities	—	20	20
Total Agency Funds	$ 427	$ 9,329	$ 9,756

Combining Statement of Changes in Fund Balances
Higher Education Fund

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Current Funds		
	Unrestricted		
	Commonwealth	Institutional	Total
Revenues and Other Additions:			
Unrestricted Current Funds Revenues	$ 806,591	$ 82,358	$ 888,949
State Appropriations—Unrestricted	—	—	—
State Appropriations—Restricted	2,028	—	2,028
Federal Appropriations—Unrestricted	—	—	—
Federal Grants and Contracts—Restricted	—	—	—
State Grants and Contracts—Restricted	—	—	—
Local Grants and Contracts—Restricted	—	118	118
Private Gifts, Grants, and Contracts—Restricted	—	—	—
Investment Income	—	40	40
Endowment Income	—	—	—
Interest on Loans Receivable	—	—	—
U. S. Government Advances	—	—	—
Expended for Plant Facilities	—	—	—
Retirement of Indebtedness	—	—	—
Realized Gain on Investments	—	—	—
Other Sources	121	136	257
Total Revenues and Other Additions	808,740	82,652	891,392
Expenditures and Other Deductions:			
Educational and General Expenditures	901,511	36,771	938,282
Auxiliary Enterprise Expenditures	138,971	37,209	176,180
Hospital Expenditures	316,059	217	316,276
Independent Operations Expenditures	526	388	914
Indirect Costs Recovered	—	—	—
Refunded to Grantors	—	—	—
Loan Cancellations	—	—	—
Administrative and Collection Costs	—	—	—
Expended for Plant Facilities	—	—	—
Retirement of Plant Facilities	—	—	—
Retirement of Indebtedness	—	—	—
Interest on Indebtedness	—	—	—
Write-Down of Plant Assets	—	—	—
Cumulative Effect—Capital Leases	—	—	—
Additional Plant Indebtedness	—	—	—
Other	—	—	—
Loss From Extinguishment of Debt	—	—	—
Total Expenditures and Other Deductions	1,357,067	74,585	1,431,652
Transfers Among Funds:			
Mandatory:			
Debt Service and Other	561,476	(1,386)	560,090
Nonmandatory:			
Debt Service and Other	366	(2,020)	(1,654)
(To)/From Other Funds	(17,130)	(4,690)	(21,820)
Total Transfers	544,712	(8,096)	536,616
Net Increase (Decrease) for the Year	(3,615)	(29)	(3,644)
Fund Balance, July 1, as adjusted (Note 12)	56,196	26,894	83,090
Fund Balance, June 30	$ 52,581	$ 26,865	$ 79,446

See Notes to the Financial Statements.

Current Funds			Loan Funds			Endowment And Similar Funds		
Restricted								
Commonwealth	Institutional	Total	Commonwealth	Institutional	Total	Commonwealth	Institutional	Total
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
489	—	489	—	—	—	—	—	—
17,710	2,307	20,017	—	59	59	—	—	—
10,984	1,401	12,385	—	—	—	—	—	—
129,222	23,331	152,553	259	410	669	—	15	15
10,108	704	10,812	—	—	—	—	—	—
3,442	3,949	7,391	—	—	—	—	—	—
23,396	21,349	44,745	—	25	25	—	4,047	4,047
206	3,109	3,315	102	278	380	—	264	264
1,142	10,154	11,296	—	55	55	—	37	37
—	2	2	733	918	1,651	—	—	—
—	—	—	—	457	457	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	11	11	—	40,604	40,604
171	3,661	3,832	134	304	438	—	130	130
196,870	69,967	266,837	1,228	2,517	3,745	—	45,097	45,097
166,119	59,303	225,422	—	—	—	—	344	344
338	—	338	—	—	—	—	—	—
9	282	291	—	—	—	—	—	—
95	—	95	—	—	—	—	—	—
24,964	5	24,969	—	—	—	—	—	—
65	76	141	—	28	28	—	—	—
—	—	—	53	150	203	—	—	—
—	2	2	1,025	507	1,532	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	22	22	—	—	—	—	74	74
—	—	—	—	—	—	—	—	—
191,590	59,690	251,280	1,078	685	1,763	—	418	418
249	37	286	29	56	85	—	(3)	(3)
(2,918)	(1,862)	(4,780)	221	15	236	—	65	65
153	(2,765)	(2,612)	10	711	721	—	3,743	3,743
(2,516)	(4,590)	(7,106)	260	782	1,042	—	3,805	3,805
2,764	5,687	8,451	410	2,614	3,024	—	48,484	48,484
9,602	47,431	57,033	13,363	36,474	49,837	—	251,550	251,550
$ 12,366	$ 53,118	$ 65,484	$ 13,773	$ 39,088	$ 52,861	$ —	$ 300,034	$ 300,034

(Continued on Next Page)

Combining Statement of Changes in Fund Balances
Higher Education Fund

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Unexpended		
	Commonwealth	Institutional	Total
Revenues and Other Additions:			
Unrestricted Current Funds Revenues	$ —	$ —	$ —
State Appropriations—Unrestricted	—	—	—
State Appropriations—Restricted	75,308	2,582	77,890
Federal Appropriations—Unrestricted	—	—	—
Federal Grants and Contracts—Restricted	1,135	—	1,135
State Grants and Contracts—Restricted	—	—	—
Local Grants and Contracts—Restricted	665	914	1,579
Private Gifts, Grants, and Contracts—Restricted	1,344	3,055	4,399
Investment Income	1,977	1,556	3,533
Endowment Income	—	110	110
Interest on Loans Receivable	—	—	—
U. S. Government Advances	—	—	—
Expended for Plant Facilities	—	—	—
Retirement of Indebtedness	—	—	—
Realized Gain on Investments	—	—	—
Other Sources	1,238	704	1,942
Total Revenues and Other Additions	81,667	8,921	90,588
Expenditures and Other Deductions:			
Educational and General Expenditures	—	—	—
Auxiliary Enterprise Expenditures	—	—	—
Hospital Expenditures	—	—	—
Independent Operations Expenditures	—	—	—
Indirect Costs Recovered	—	—	—
Refunded to Grantors	41	7	48
Loan Cancellations	—	—	—
Administrative and Collection Costs	369	—	369
Expended for Plant Facilities	61,175	1,190	62,365
Retirement of Plant Facilities	—	—	—
Retirement of Indebtedness	—	—	—
Interest on Indebtedness	—	—	—
Write-Down of Plant Assets	—	—	—
Cumulative Effect—Capital Leases	—	—	—
Additional Plant Indebtedness	1,514	—	1,514
Other	78	—	78
Loss From Extinguishment of Debt	1,340	—	1,340
Total Expenditures and Other Deductions	64,517	1,197	65,714
Transfers Among Funds:			
Mandatory:			
Debt Service and Other	33,510	(950)	32,560
Nonmandatory:			
Debt Service and Other	8,086	(1,764)	6,322
(To)/From Other Funds	21,614	(2,379)	19,235
Total Transfers	63,210	(5,093)	58,117
Net Increase (Decrease) for the Year	80,360	2,631	82,991
Fund Balance, July 1, as adjusted (Note 12)	61,248	13,715	74,963
Fund Balance, June 30	$ 141,608	$ 16,346	$ 157,954

See Notes to the Financial Statements.

Plant Funds									
Renewals and Replacements			Retirement of Indebtedness			Investment in Plant		
Commonwealth	Institutional	Total	Commonwealth	Institutional	Total	Commonwealth	Institutional	Total
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—	—
8,066	—	8,066	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
417	—	417	—	—	—	—	—	—
957	—	957	—	—	—	—	—	—
299	21	320	—	—	—	—	—	—
—	—	—	—	—	—	306	3,284	3,590
—	39	39	1,699	2,236	3,935	—	4	4
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	130,158	35,098	165,256
—	—	—	—	—	—	13,077	9,050	22,127
—	—	—	—	—	—	—	—	—
—	—	—	423	763	1,186	—	—	—
9,739	60	9,799	2,122	2,999	5,121	143,541	47,436	190,977
471	—	471	—	—	—	—	—	—
—	32	32	—	—	—	—	16	16
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
37	—	37	—	—	—	—	—	—
4	—	4	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
4,738	64	4,802	—	—	—	—	—	—
—	—	—	2,414	45	2,459	2,312	4,466	6,778
—	—	—	13,418	8,709	22,127	—	—	—
—	—	—	12,239	7,540	19,779	—	—	—
—	—	—	—	—	—	1,260	—	1,260
—	—	—	—	—	—	116	—	116
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
5,250	96	5,346	28,071	16,294	44,365	3,688	4,482	8,170
14	—	14	21,396	26,116	47,512	130	—	130
235	30	265	(1,657)	3,843	2,186	(2,606)	—	(2,606)
107	113	220	566	(11)	555	—	—	—
356	143	499	20,305	29,948	50,253	(2,476)	—	(2,476)
4,845	107	4,952	(5,644)	16,653	11,009	137,377	42,954	180,331
4,096	1,023	5,119	35,897	26,420	62,317	1,189,705	322,541	1,512,246
$ 8,941	$ 1,130	$ 10,071	$ 30,253	$ 43,073	$ 73,326	$ 1,327,082	$ 365,495	$ 1,692,577

Combining Statement of Current Funds Revenues, Expenditures, and Other Changes
Higher Education Fund

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Current Funds					
	Unrestricted			Restricted		
	Commonwealth	Institutional	Total	Commonwealth	Institutional	Total
Revenues:						
Student Tuition and Fees	$ 282,891	$ 6,642	$ 289,533	$ —	$ 8	$ 8
State Appropriations—Current Operations	23,092	—	23,092	13,885	614	14,499
State Government Appropriations	—	—	—	3,124	—	3,124
Federal Government Appropriations	33	—	33	11,947	1,496	13,443
Federal Grants and Contracts	23,070	15	23,085	104,988	23,559	128,547
State Grants and Contracts	279	195	474	10,010	874	10,884
Local Grants and Contracts	38	726	764	3,037	5,772	8,809
Private Gifts, Grants, and Contracts	2,153	2,419	4,572	17,966	19,816	37,782
Endowment Income	43	5,126	5,169	1,242	6,382	7,624
Sales and Services of Educational Departments	2,414	8,973	11,387	3	183	186
Sales and Services of Auxiliary Enterprises	149,115	39,152	188,267	—	—	—
Sales and Services of Hospitals	315,392	4	315,396	—	102	102
Sales and Services of Independent Operations	831	380	1,211	94	—	94
Sales and Services of Vending Commissions	—	59	59	—	—	—
Investment Income	1,712	399	2,111	—	89	89
Indirect Cost Recovery	12	—	12	—	—	—
Other Sources	7,665	18,562	26,227	16	653	669
Total Current Revenues	808,740	82,652	891,392	166,312	59,548	225,860
Expenditures and Mandatory Transfers:						
Educational and General:						
Instruction	459,947	11,934	471,881	21,773	12,232	34,005
Research	27,432	1,082	28,514	91,603	2,716	94,319
Public Service	24,689	3,793	28,482	18,816	6,549	25,365
Academic Support	119,173	5,577	124,750	2,456	3,208	5,664
Student Services	48,094	2,819	50,913	3,264	4,000	7,264
Institutional Support	127,413	7,500	134,913	2,928	1,238	4,166
Operation and Maintenance of Plant	90,581	570	91,151	100	566	666
Scholarships and Fellowships	4,182	3,492	7,674	25,037	28,218	53,255
Financial Assistance for Educational and General Services	—	4	4	142	576	718
Total Educational and General	901,511	36,771	938,282	166,119	59,303	225,422
Mandatory Transfers for Debt Service and Other	(603,266)	80	(603,186)	(264)	(37)	(301)
Total Educational and General Expenditures and Mandatory Transfers	298,245	36,851	335,096	165,855	59,266	225,121
Auxiliary Enterprises:						
Operating Expenditures	138,971	37,209	176,180	338	—	338
Mandatory Transfers for Debt Service	18,176	1,306	19,482	15	—	15
Total Auxiliary Enterprise Expenditures and Mandatory Transfers	157,147	38,515	195,662	353	—	353
Hospitals and Independent Operations:						
Operating Expenditures	316,585	605	317,190	104	282	386
Mandatory Transfers for Debt Service	23,614	—	23,614	—	—	—
Total Hospitals and Independent Operations Expenditures and Mandatory Transfers	340,199	605	340,804	104	282	386
Total Expenditures and Mandatory Transfers	795,591	75,971	871,562	166,312	59,548	225,860
Other Transfers and Additions (Deductions):						
Excess of Restricted Receipts Over Transfers to Revenues	—	—	—	5,594	10,390	15,984
Refunded to Grantors	—	—	—	(65)	(76)	(141)
Nonmandatory Transfers	(16,764)	(6,710)	(23,474)	(2,765)	(4,627)	(7,392)
Net Increase (Decrease) in Fund Balance	$ (3,615)	$ (29)	$ (3,644)	$ 2,764	$ 5,687	$ 8,451

See Notes to the Financial Statements.

Total		
Current Funds		
Commonwealth	Institutional	Total
$ 282,891	$ 6,650	$ 289,541
36,977	614	37,591
3,124	—	3,124
11,980	1,496	13,476
128,058	23,574	151,632
10,289	1,069	11,358
3,075	6,498	9,573
20,119	22,235	42,354
1,285	11,508	12,793
2,417	9,156	11,573
149,115	39,152	188,267
315,392	106	315,498
925	380	1,305
—	59	59
1,712	488	2,200
12	—	12
7,681	19,215	26,896
975,052	142,200	1,117,252
481,720	24,166	505,886
119,035	3,798	122,833
43,505	10,342	53,847
121,629	8,785	130,414
51,358	6,819	58,177
130,341	8,738	139,079
90,681	1,136	91,817
29,219	31,710	60,929
142	580	722
1,067,630	96,074	1,163,704
(603,530)	43	(603,487)
464,100	96,117	560,217
139,309	37,209	176,518
18,191	1,306	19,497
157,500	38,515	196,015
316,689	887	317,576
23,614	—	23,614
340,303	887	341,190
961,903	135,519	1,097,422
5,594	10,390	15,984
(65)	(76)	(141)
(19,529)	(11,337)	(30,866)
$ (851)	$ 5,658	$ 4,807

Public Benefit Corporations

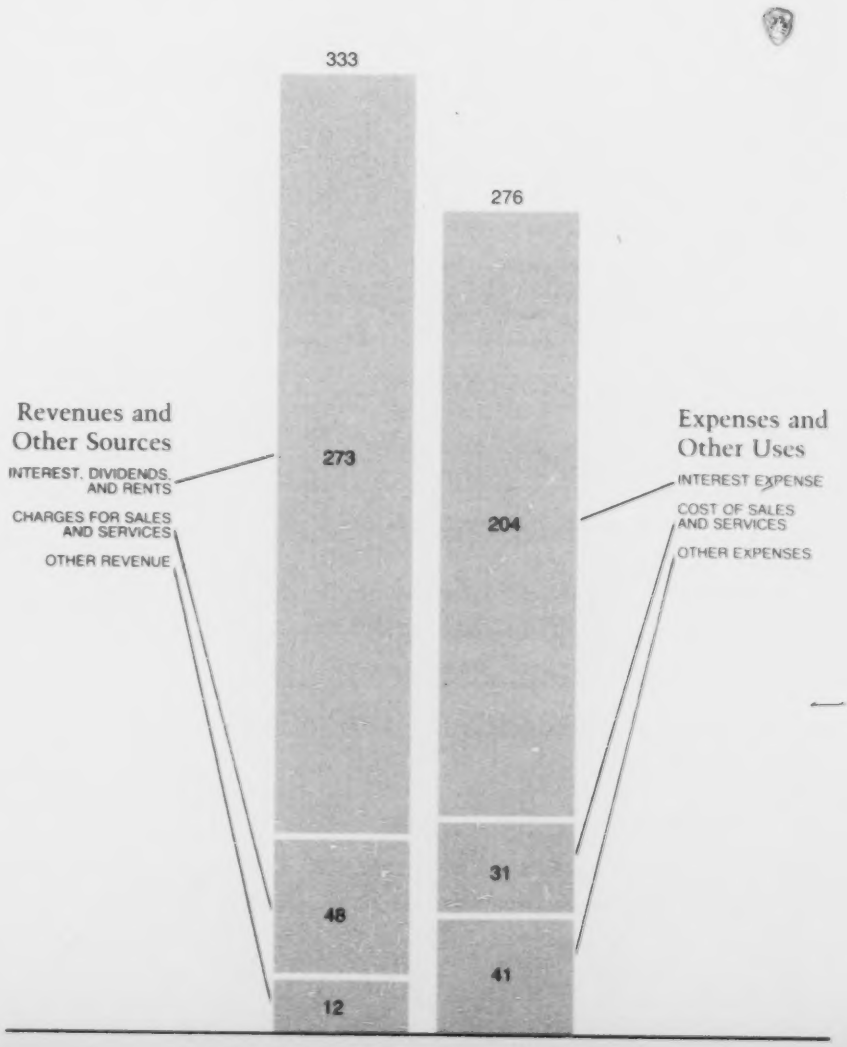
Public Benefit Corporations are those public corporations empowered by the Code of Virginia to provide certain services to the citizens of Virginia, but which are not agencies of the State. While these organizations are not agencies of the State, generally accepted accounting principles require that they be included as part of the Commonwealth's financial reporting entity. Five organizations met the criteria established by NCGA Statement 3, "Defining the Governmental Reporting Entity." Accordingly, the Commonwealth has included the Virginia Education Loan Authority (VELA), the Virginia Housing Development Authority (VHDA), the Virginia International Terminals, Inc. (VIT), the Virginia Resources Authority (VRA), and the State Education Assistance Authority (SEAA) in its annual report.

Analysis

In 1972, the General Assembly of Virginia enacted legislation which established the Virginia Housing Development Authority to finance housing sold or rented to families with low and moderate incomes. Funds are raised through the sale of tax-exempt notes and bonds. No tax monies are received from the State, nor is any of the debt a liability of the State. The VHDA is completely self-supporting. At year end, VHDA had total assets of $2.3 billion, comprised primarily of loans and accounts receivable and investments. Net income for the year was $39.5 million.

In 1972, the General Assembly of Virginia enacted legislation which established the Virginia Education Loan Authority to assist students pursuing higher education in obtaining loans to attend college. No tax monies are received from the State, nor is any of the debt a liability of the State. At year end, VELA had total assets of $497 million, which consisted primarily of loans

Public Benefit Corporations
Revenues and Expenses
Fiscal Year 1985
(DOLLARS IN MILLIONS)



and accounts receivable and investments. Net income for the year was $11.7 million.

The Virginia International Terminals, Inc. was formed on January 1, 1982, for the purpose of operating marine terminals in Norfolk and Newport News for the Virginia Port Authority. In 1983, VIT was also given the right to operate terminals in Portsmouth. No tax monies are received from the State, nor are any of VIT's obligations a liability of the State. At year end, VIT had total assets of $20 million, which consisted primarily of loans and accounts receivable, cash and investments, and property, plant, and equipment. Net income for the year was $2.6 million.

In 1984, the General Assembly of Virginia enacted legislation which established the Virginia Resources Authority, originally created under the title "The Virginia Water and Sewer Assistance Authority." The Authority's purposes are to encourage the investment of both public and private funds, and to make loans and grants available to local governments to finance water and sewer projects. No tax monies are received from the State, nor is any of the debt a liability of the State. At year end, VRA had total assets of $174 thousand comprised primarily of investments and unamortized bond issuance expense. Net loss for the year was $128 thousand.

In 1960, the General Assembly of Virginia enacted legislation which established the State Education Assistance Authority to facilitate the education of Virginia residents and to promote the industrial and economic development of the Commonwealth. No tax monies are received from the State, nor is any of the debt a liability of the State. At year end, SEAA had total assets of $31 million, which consisted primarily of investments. Net income for the year was $3.3 million.

Combining Balance Sheet
Public Benefit Corporations

June 30, 1985

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Totals June 30, 1985	Totals June 30, 1984
Assets							
Cash and Investments	$ 1,044	$ 45,050	$ 4,653	$ 2	$ 6,189	**$ 56,938**	$ 62,013
Loans and Accounts Receivable (Net)	1,521,260	369,688	8,365	—	2,283	**1,901,596**	1,593,549
Accrued Interest Receivable	25,006	6,877	—	1	—	**31,884**	28,288
Other Receivables	559	2,189	—	—	—	**2,748**	3,734
Investments	737,537	70,156	—	71	22,184	**829,948**	698,769
Inventory	4,459	—	1,181	—	—	**5,640**	5,327
Prepaid Expenses	—	90	923	—	—	**1,013**	1,001
Property, Plant, and Equipment (Net)	1,275	2,326	4,966	27	307	**8,901**	8,066
Systems Development Cost (Net)	—	268	—	—	—	**268**	176
Unamortized Bond Issuance Expense	2,240	—	—	73	—	**2,313**	1,880
Total Assets	$ 2,293,380	$ 496,644	$ 20,088	$ 174	$ 30,963	**$ 2,841,249**	$ 2,402,803
Liabilities and Fund Equity							
Liabilities:							
Accounts Payable	$ 23,466	$ 543	$ 1,207	$ 68	$ 466	**$ 25,750**	$ 17,834
Bonds Payable	1,979,526	423,400	—	—	—	**2,402,926**	1,970,722
Notes Payable	1,478	—	—	11	—	**1,489**	75,691
Accrued Interest Payable	46,829	6,143	—	—	—	**52,972**	43,216
Other Liabilities	—	—	3,161	223	—	**3,384**	4,589
Accrued Liability for Compensated Absences	—	—	299	—	48	**347**	324
Deferred Revenue	7,257	—	—	—	—	**7,257**	6,735
Due to Program Participants	1,308	—	—	—	—	**1,308**	2,037
Escrows	33,147	—	—	—	—	**33,147**	26,072
Total Liabilities	2,093,011	430,086	4,667	302	514	**2,528,580**	2,147,220
Fund Equity:							
Contributed Capital	—	—	2,228	—	—	**2,228**	2,228
Retained Earnings (Deficit)	200,369	66,558	13,193	(128)	30,449	**310,441**	253,355
Total Fund Equity (Deficit)	200,369	66,558	15,421	(128)	30,449	**312,669**	255,583
Total Liabilities and Fund Equity	$ 2,293,380	$ 496,644	$ 20,088	$ 174	$ 30,963	**$ 2,841,249**	$ 2,402,803

See Notes to the Financial Statements.

Combining Statement of Revenues, Expenses, and Changes in Fund Equity Public Benefit Corporations

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority	Totals Year Ended June 30, 1985	Totals Year Ended June 30, 1984
Operating Revenues:							
Interest, Dividends, and Rents	$ 209,816	$ 42,539	$ —	$ 5	$ 21,020	$ 273,380	$ 216,962
Special Allowance Income	—	11,471	—	—	—	11,471	12,456
Charges for Sales and Services	4,774	—	42,917	—	—	47,691	39,284
Other	364	—	—	—	—	364	266
Total Operating Revenues	214,954	54,010	42,917	5	21,020	332,906	268,968
Operating Expenses:							
Interest Expense	165,700	38,162	—	—	—	203,862	167,520
Personal Services	3,770	1,657	7,752	68	536	13,783	12,300
Cost of Sales and Services	4,487	—	26,808	—	—	31,295	23,850
Commitment Fees	—	—	—	—	—	—	94
Rent, Insurance, and Other Related Charges	166	—	2,071	3	15,940	18,180	12,214
Depreciation	164	114	979	3	—	1,260	1,147
Amortization	—	66	—	—	—	66	45
Contractual Services	—	—	1,896	18	1,124	3,038	3,272
Supplies and Materials	—	—	711	—	17	728	581
Expendable Equipment	—	—	77	—	71	148	115
Other	1,128	2,335	—	41	—	3,504	3,073
Total Operating Expenses	175,415	42,334	40,294	133	17,688	275,864	224,211
Operating Income (Loss)	39,539	11,676	2,623	(128)	3,332	57,042	44,757
Nonoperating Revenues:							
Net Gain on Sale of Investments	—	44	—	—	—	44	87
Total Nonoperating Revenues	—	44	—	—	—	44	87
Net Income (Loss)	39,539	11,720	2,623	(128)	3,332	57,086	44,844
Fund Equity, July 1, as adjusted (Note 12)	160,830	54,838	12,798	—	27,117	255,583	210,739
Fund Equity (Deficit), June 30	$ 200,369	$ 66,558	$ 15,421	$ (128)	$ 30,449	$ 312,669	$ 255,583

See Notes to the Financial Statements.

Combining Statement of Changes in Financial Position
Public Benefit Corporations

For the Fiscal Year Ended June 30, 1985
(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Education Loan Authority	Virginia International Terminals, Inc.	Virginia Resources Authority	State Education Assistance Authority
Sources of Working Capital:					
Operations:					
Net Income (Loss)	$ 39,539	$ 11,720	$ 2,623	$ (128)	$ 3,332
Items not Requiring Working Capital:					
Amortization	—	66	—	—	—
Depreciation	164	114	979	3	—
Loss on Sale of Fixed Assets	23	—	—	—	—
Compensated Absences	—	—	(1)	—	23
Working Capital Provided by Operations	39,726	11,900	3,601	(125)	3,355
Sale of Fixed Assets	—	—	70	—	—
Increase in Long-Term Debt Payable	375,256	—	—	11	—
Total Sources of Working Capital	414,982	11,900	3,671	(114)	3,355
Uses of Working Capital:					
Acquisition of Property, Plant, and Equipment	208	183	1,743	30	24
Increase in Bond Issuance Expense	360	—	—	73	—
Increase in Systems Development Cost	—	157	—	—	—
Increase in Long-Term Investments	—	—	—	—	843
Reduction in Long-Term Debt Payable	—	18,052	—	—	—
Total Uses of Working Capital	568	18,392	1,743	103	867
Net Increase (Decrease) in Working Capital	$ 414,414	$ (6,492)	$ 1,928	$ (217)	$ 2,488
Elements of Net Increase (Decrease) in Working Capital:					
Cash and Investments	$ 465	$ (2,971)	$ 1,837	$ 2	$ (4,408)
Receivables	286,225	23,043	1,147	1	241
Securities	152,690	(27,132)	—	71	4,707
Inventories	155	—	158	—	—
Prepaid Expenses	—	66	(54)	—	—
Payables, Deposits, and Other Liabilities	(18,253)	502	(1,160)	(291)	1,948
Deferred Revenue	(522)	—	—	—	—
Due to Program Participants	729	—	—	—	—
Escrows	(7,075)	—	—	—	—
Net Increase (Decrease) in Working Capital	$ 414,414	$ (6,492)	$ 1,928	$ (217)	$ 2,488

See Notes to the Financial Statements.

Totals	
Year Ended	
June 30, 1985	June 30, 1984
$ 57,086	$ 44,844
66	45
1,260	1,147
23	54
22	—
58,457	46,090
70	30
375,267	300,081
433,794	346,201
2,188	2,004
433	285
157	128
843	1,938
18,052	—
21,673	4,355
$ 412,121	$ 341,846
$ (5,075)	$ 17,377
310,657	303,948
130,336	(32,689)
313	(724)
12	665
(17,254)	60,644
(522)	(724)
729	(396)
(7,075)	(6,255)
$ 412,121	$ 341,846

—VALENTINE MUSEUM

The general disrepair of the Capitol is apparent in this photograph taken soon after the Civil War. Note the odd arrangement of lunette windows in the pediment and the missing patch of stucco to the left of the central window. The south portico columns were without proper classical entasis (bulging in the center) until the 1904 renovation and enlargement project corrected the naive omission. The winding paths leading to the Capitol were part of a landscaping plan by Philadelphia architect John Notman, who also designed Hollywood Cemetery. The spires of First Presbyterian Church and Broad Street Methodist Church are to the left of the Capitol, while Ford's Hotel can be seen through the trees to the right.

Statistical Section

The Commonwealth does not assess property taxes. Accordingly, no statistical schedules of this nature are presented.

Ten-Year Schedule of Revenues—Budgetary Basis
All Budgetary Funds[1] by Source

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Tax Revenues:										
Individual and Fiduciary Income	$ 1,948.2	$ 1,770.7	$ 1,552.1	$ 1,446.1	$ 1,288.8	$ 1,103.0	$ 966.6	$ 874.8	$ 714.1	$ 614.6
Sales and Use	930.6	835.5	723.7	670.5	645.2	594.9	534.7	489.2	426.8	385.7
Motor Fuels	331.5	326.9	310.6	314.6	311.4	279.9	292.1	275.0	265.2	254.1
Corporation Income	287.7	242.7	183.2	177.0	182.3	193.8	196.2	164.8	159.2	130.4
Public Service Corporations	138.4	121.5	118.5	105.6	104.1	105.3	96.4	106.4	90.4	86.2
Payroll—Unemployment Compensation	281.3	280.0	199.0	172.9	141.7	107.8	95.2	88.9	73.6	38.1
Motor Vehicle Sales and Use	132.2	116.5	88.0	73.3	67.7	64.3	72.3	68.9	58.4	49.5
Gross Premiums of Insurance Companies	108.6	97.0	87.1	84.4	80.1	76.5	73.3	65.2	59.6	49.3
Alcoholic Beverage—Sales Tax	57.4	55.7	44.8	45.5	42.6	39.7	36.7	34.4	32.1	29.2
Deeds, Contracts, Wills, and Suits	59.8	54.6	37.6	29.0	31.8	30.6	32.9	29.8	24.8	19.5
Beer and Beverage Excise	35.3	34.9	33.7	33.1	32.8	31.5	31.3	29.6	27.5	21.1
Estate	28.1	26.3	17.8	21.4	19.5	26.5	25.3	23.1	18.8	17.2
Tobacco Products	16.9	17.1	17.5	17.8	17.9	17.3	17.5	17.9	17.8	17.6
Capital Not Otherwise Taxed	(.2)	11.1	11.7	15.1	13.4	13.1	10.9	10.6	9.7	8.9
Bank Stock	2.6	2.4	2.3	2.6	1.8	2.0	2.8	3.1	3.7	3.8
Wine and Spirits/ABC Liter	3.4	3.2	3.8	3.0	3.7	3.7	3.8	3.1	3.2	2.9
Gifts—Resident and Nonresident	.1	.1	.1	.4	.3	.8	1.0	1.1	5.1	1.6
Other Taxes	112.4	103.2	99.8	26.6	21.4	15.7	19.0	27.6	5.2	4.4
Total Tax Revenues	4,474.3	4,099.4	3,531.3	3,238.9	3,006.5	2,706.4	2,508.0	2,313.5	1,995.2	1,734.1
Other Revenues:										
Federal and Other Grants, Donations, and Federal Revenue Sharing	1,421.7	1,336.1	1,240.4	1,244.0	1,443.5	1,326.8	1,167.7	1,108.1	976.1	849.8
Institutional Revenue	933.8	856.5	734.7	669.7	589.0	511.9	438.2	408.6	374.0	325.6
Sales of Property and Commodities	250.0	250.1	261.5	258.0	247.2	235.0	217.8	233.6	195.0	203.7
Rights and Privileges	306.2	276.1	255.2	201.3	199.4	178.3	182.3	168.7	167.2	170.1
Interest, Dividends, and Rents	131.2	86.2	94.2	117.5	97.0	91.8	70.1	122.8	119.7	83.9
Fines, Forfeitures, Costs, Penalties, and Escheats	55.3	49.8	47.2	37.6	33.7	26.1	29.9	25.7	13.8	13.3
Assessments—Special Services	16.0	14.3	15.3	17.6	12.0	11.7	9.5	11.2	9.7	8.8
Other Revenues	161.6	146.6	123.7	134.5	173.5	125.9	156.3	76.2	60.6	29.4
Total Other Revenues	3,275.8	3,015.7	2,772.2	2,680.2	2,795.3	2,507.5	2,271.8	2,154.9	1,916.1	1,684.6
Total Revenues	$ 7,750.1	$ 7,115.1	$ 6,303.5	$ 5,919.1	$ 5,801.8	$ 5,213.9	$ 4,779.8	$ 4,468.4	$ 3,911.3	$ 3,418.7

(1) Includes all Governmental, Proprietary, and Higher Education Funds.
Source: Department of Accounts

Ten-Year Schedule of Expenditures—Budgetary Basis
All Budgetary Funds[1] by Function and Object

(Dollars in Millions)

	Fiscal Year Ended June 30,									
	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976
Expenditures by Function:										
Education	$2,632.6	$2,356.7	$2,170.2	$2,048.9	$1,916.3	$1,722.0	$1,602.5	$1,594.8	$1,473.2	$1,328.9
Administration of Justice	548.5	502.0	480.7	429.7	338.9	266.9	234.7	186.4	163.6	103.6
Individual and Family Services	2,191.3	2,058.0	2,043.9	1,991.6	1,853.0	1,594.4	1,372.8	856.2	782.1	706.0
Resources and Economic Development	199.7	173.6	165.2	156.0	144.5	125.9	114.1	297.8	289.6	295.8
Transportation	1,064.0	903.0	830.0	732.0	924.1	936.5	936.0	165.8	153.1	118.4
General Government	268.7	232.4	229.9	283.5	289.6	217.2	173.2	148.5	101.0	110.1
Enterprises	485.3	452.9	432.3	306.0	284.5	254.9	240.8	173.0	159.0	156.5
Capital Projects	145.8	170.6	177.7	147.7	157.9	146.3	108.9	673.3	532.7	524.7
Other	—	—	—	—	—	—	—	240.9	210.3	168.1
Total Expenditures	$7,535.9	$6,849.2	$6,529.9	$6,095.4	$5,908.8	$5,264.1	$4,783.0	$4,336.7	$3,864.6	$3,512.1
Expenditures by Object:										
Personal Services	$2,263.9	$2,033.5	$1,941.4	$1,911.2	$1,727.7	$1,623.3	$1,514.8	$1,468.6	$1,312.6	$1,144.6
Medical and Other Contractual Services	1,148.4	1,066.0	954.5	1,060.9	930.0	830.2	735.7	709.6	603.2	487.0
Supplies and Materials	522.8	495.0	477.5	527.9	522.6	473.6	419.8	386.5	342.1	308.3
Grants and Distributions to Localities	2,704.9	2,476.9	2,406.3	1,922.7	1,916.5	1,557.5	1,401.4	1,209.8	1,108.7	1,028.7
Debt Service	62.4	37.2	46.4	54.9	51.7	45.4	39.7	—	—	—
Rent, Insurance, and Other Related Charges	196.8	181.6	174.5	111.5	108.4	102.3	97.2	221.8	229.7	248.5
Recoveries	—	—	—	(163.8)	(142.5)	(135.7)	(114.8)	(131.8)	(145.6)	(117.7)
Land, Equipment, and Other Fixed Assets	651.7	561.8	539.6	448.4	607.8	643.3	588.3	472.2	413.9	412.7
Trust Fund Expenditures	—	—	—	214.4	182.0	122.0	94.9	—	—	—
Other	(15.0)	(2.8)	(10.3)	7.3	4.6	2.2	6.0	—	—	—
Total Expenditures	$7,535.9	$6,849.2	$6,529.9	$6,095.4	$5,908.8	$5,264.1	$4,783.0	$4,336.7	$3,864.6	$3,512.1

Programmatic budgeting was implemented on July 1, 1978, causing a realignment of expenditure classifications from previous years. As of July, 1982, recoveries no longer have their own object code. They are now included in each of the expenditure categories. Likewise, the Trust Fund Expenditures are now combined with Rent, Insurance, and Other Related Charges.

(1) Includes all Governmental, Proprietary, and Higher Education Funds.
Source: Department of Accounts

Schedule of Major Assistance To/On Behalf of Localities All Fund Types

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

School and Other Educational Assistance	$ 917,583
School Aid from State Sales and Use Tax	308,556
Assistance for Recipients of Aid from Department of Social Services	393,210
Financial Assistance for Individual, Family, and Community Health Services	115,752
Assistance for Mass Transit, City Street Maintenance, and Arlington and Henrico Counties' Road Work	843,387
Assistance for Crime Detection, Investigation, Legal Advice, and Tax Valuation	124,446
Assistance for Mental Health and Mental Retardation Services	6,551
Assistance for Maintenance, Construction, Operation, and Confinement in/for Local Jail Facilities	20,366
Assistance from Operations of the Department of Alcoholic Beverage Control:	
Share of Alcoholic Beverage Control Net Profits	19,735
Share of Tax on Wine	3,442
Assistance Tax Valuation and Aid for Local Airports	22,071
Assistance for Water Quality Management, Planning, and Technical Aid	8,506
Assistance for Administration of Justice	3,367
Assistance for Planning Districts; Social Service Research and Planning; Economic Development Research; Planning and Coordination	4,477
Leisure and Recreation Services	10,013
Assistance for Individuals and Families from the Department for the Aging	8,598
Assistance for Promotion of Transportation Safety	17,546
Assistance for Public Libraries	12,941
Assistance from Tax on Mobile Homes and for the Disposal of Abandoned Motor Vehicles	7,629
Assistance for Registrar Compensation and Electoral Board Compensation and Expenses	2,431
Financial Assistance to Localities—General	57,005
Total	$2,907,612

Source: Department of Accounts

Computation of Legal Debt Limit and Margin

June 30, 1985

	Fiscal Year Ended June 30,			
	1985	1984	1983	
Computation of Legal Debt Limit				
Taxes on Income and Retail Sales:				
Individual and Fiduciary Income Tax	$1,948,199,184	$1,770,730,389	$1,552,147,811	
Corporate Income Tax	287,746,546	242,706,555	183,215,161	
State Sales and Use Tax	930,597,436	835,497,372	723,661,429	
Total	$3,166,543,166	$2,848,934,316	$2,459,024,401	
Average for the three fiscal years			$2,824,833,961	
Debt Limit (1.15 times this average)			$3,248,559,055	
State General Obligation Debt for Capital Projects				
Debt Limit			$3,248,559,055	
Bonds Outstanding:*				
Public Facilities Bonds—Series 1978			85,475,000	
Debt Margin (Remaining Borrowing Limit Subject to Additional Borrowing Restriction below)			$3,163,084,055	
Additional Borrowing Restriction:				
Special authorization limit—25% of $3,163,084,055			790,771,014	
Total Special Authorization Limit (Amount that could be Authorized by the General Assembly in the 1986 Session):			$ 790,771,014	
State Debt for Certain Revenue-Producing Capital Projects				
Debt Limit			$3,248,559,055	
Bonds Outstanding:*				
Higher Educational Institutions Bonds—Series 1971		$ 11,600,000		
Higher Educational Institutions Bonds—Series 1973		9,815,000		
Higher Educational Institutions Bonds—Series 1976		13,205,000		
Higher Educational Institutions Bonds—Series 1979		12,410,000		
Higher Educational Institutions Bonds—Series 1981		4,497,000		
Higher Educational Institutions Bonds—Series 1982		11,715,000		
Transportation Facilities Bonds—Series 1982		57,000,000		
Higher Educational Institutions Bonds—Series 1983		65,000,000		
Higher Educational Institutions Bonds—Series 1984		31,285,000		
Higher Educational Institutions Bonds—Series 1985		24,690,000	241,217,000	
Debt Margin (Remaining Borrowing Limit)			$3,007,342,055	

* Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.

Source: Department of Accounts

Balance Sheet Schedule—Budgetary Basis
General Fund

June 30, 1985

(Dollars in Thousands)

	June 30, 1985	June 30, 1984
Assets		
Cash and Investments	**$329,000**	$192,605
Petty Cash and Travel Advances	**3,582**	3,532
Other Receivables and Assets	**271**	281
Loans Receivable from Proprietary Funds	**12,938**	14,375
Total Assets	**$345,791**	$210,793
Liabilities and Fund Balance		
Liabilities:		
Deposits Pending Distribution	**$ 488**	$ 264
Deferred Revenue	**312**	271
Due to Other Funds	**1,115**	2,245
Total Liabilities	**1,915**	2,780
Fund Balance:		
Reserved	**12,938**	14,375
Unreserved:		
Designated	**283,870**	112,417
Undesignated	**47,068**	81,221
Total Fund Balance	**343,876**	208,013
Total Liabilities and Fund Balance	**$345,791**	$210,793

Source: Department of Accounts

Schedule of Projected Amount Available for Appropriation at June 30, 1986 General Fund—Budgetary Basis

As of June 30, 1985

(Dollars in Thousands)

Fund Balance, June 30, 1985			$ 343,876
Reserved for Long-Term Working Capital Advances to Internal Service Funds	$ 4,938		
Reserved for Long-Term Loan to Department of Alcohol Beverage Control	8,000		
Total Reserved Fund Balance		$ 12,938	
Reappropriation of 1984-85 Unexpended Items Carried Forward for Expenditure in 1985-86:			
Operating Accounts Required by Chapter 619, 1985 Acts of Assembly		3,820	
Revenue Reserve, Item 665.1(A), Chapter 619, 1985 Acts of Assembly		55,009	
Economic Contingency, Items 665.1(A)(1), Chapter 619, 1985 Acts of Assembly		6,680	
Operating Accounts (Estimated)		18,406	
Capital Outlay (Unexpended Balances)		199,955	296,808
Undesignated Fund Balance at June 30, 1985			47,068
Revenue Estimate and Additions to Surplus for 1985-86, per Chapter 619, 1985 Acts of Assembly	4,120,316		
Less: Budgeted Appropriations for 1985-86 (Operating Only), per Chapter 619, 1985 Acts of Assembly	(4,096,344)	23,972	
Repayment of Working Capital Advances to Internal Service Funds During 1985-86		438	
Repayment of Long-Term Loan to Department of Alcoholic Beverage Control During 1985-86		1,000	25,410
Projected Amount Available for Appropriation at June 30, 1986			$ 72,478

Sources: Department of Planning and Budget
Department of Accounts

Comparison of Sum-Sufficient Estimated Appropriations With Actual Expenditures—Budgetary Basis—General Fund

For the Fiscal Year Ended June 30, 1985

(Dollars in Thousands)

	Estimated Appropriations	Actual Expenditures	Amount (Over) Under Estimate
Enactment of Laws	$ 10,349	$ 8,915	$ 1,434
Financial Assistance to Localities—From Sale of Alcoholic Beverages	23,743	23,177	566
Financial Assistance for Special State Revenue Sharing (Sales Tax)	308,300	308,556	(256)
Financial Assistance to Localities (General)	400	374	26
Social Security Benefits (Local)	84,318	84,297	21
Group Life Insurance (Local)	3,474	3,473	1
Totals	$ 430,584	$ 428,792	$ 1,792

Source: Department of Accounts

Ratio of Annual Debt Service for General Long-Term Debt to Total Expenditures All Governmental Fund Types

For the Last Five Fiscal Years[1]

(Dollars in Thousands Except Ratio Data)

For the Fiscal Year Ended June 30,	Debt Service[3]	Total Expenditures[2]	Ratio
1985	$93,539	$5,531,463	1.69%
1984	54,933	5,012,860	1.10
1983	65,647	4,580,447	1.43
1982	36,689	4,223,735	.87
1981	25,441	4,238,159	.60

Source: Department of Accounts

(1) Information is not available prior to 1981.
(2) Includes General, Special Revenue, and Capital Projects Funds only.
(3) Includes Principal and Interest Payments related to General Long-Term Debt.

Schedule of Revenue Bond Coverage
General Long-Term Debt

Last Ten Fiscal Years

(Dollars in Thousands Except Coverage)

For the Year Ended June 30,	Total Receipts[1]	Authorized Payments[1]	Net Available for Debt Service	Debt Service Requirements	Coverage[2]
1985	$25,099	$12,962	$12,137	$ 7,416	1.64
1984	24,067	13,066	11,001	7,416	1.48
1983	22,116	10,647	11,469	4,824	2.38
1982	22,311	9,878	12,433	11,094	1.12
1981	21,325	7,667	13,658	10,413	1.31
1980	19,662	10,337	9,325	12,034	.77
1979	20,817	9,052	11,765	12,450	.94
1978	19,281	5,239	14,042	12,180	1.15
1977	17,853	4,418	13,435	12,130	1.11
1976	17,756	4,043	13,713	12,050	1.14

Source: Department of the Treasury
Statement of the Treasurer's Accountability

(1) Represents actual trust fund receipts and disbursements securing the applicable bonds.
(2) Ideally, the coverage number would be 1.0 or higher. The weighted average for the years 1976 to 1985 is 1.21.

Schedule of Revenue Bond Coverage
Higher Education Long-Term Debt

Last Six Fiscal Years[1]

(Dollars in Thousands Except Coverage)

For the Fiscal Year Ended June 30,	Auxiliary Enterprise Revenues	Auxiliary Enterprise Expenditures	Net Available for Debt Service	Debt Service Requirements	Coverage[2]
1985	$188,267	$176,566	$11,701	$15,967	.73
1984	189,815	171,569	18,246	14,780	1.23
1983	163,446	158,602	4,844	8,511	.57
1982	114,304	108,799	5,505	6,591	.84
1981	100,653	94,571	6,082	6,447	.94
1980	92,324	85,526	6,798	6,160	1.10

Sources: Department of Accounts
Department of the Treasury

(1) Information is not available prior to 1980.
(2) Ideally, the coverage number would be 1.0 or higher. The weighted average for the years 1980 to 1985 is .91.

Schedule of Bank Deposits

Last Ten Fiscal Years

(Dollars in Millions)

Fiscal Year	Bank Deposits[1]
1985	NA
1984	$30,223
1983	27,100
1982	24,344
1981	21,704
1980	19,540
1979	18,757
1978	17,755
1977	16,418
1976	14,855

Source: Federal Deposit Insurance Corporation

(1) Includes only amounts deposited in insured commercial banks.
NA–Not available at this date.

Eleven Largest Nonagricultural Industries

June 30, 1985

(Ranked by Average Number of Employees)

Industry	Average Number of Employees
Wholesale and Retail Trade	513,000
Services	492,800
Manufacture of Nondurable Goods	225,300
Local Government	218,300
Manufacture of Durable Goods	194,800
Federal Government	167,600
Construction	131,800
Transportation and Public Utilities	127,600
State Government	118,500
Financial, Insurance, and Real Estate	117,200
Mining	18,100

Source: Virginia Employment Commission (1984 data)

Schedule of Demographic Statistics

Lašt Ten Fiscal Years

Fiscal Year	Population (In Thousands)	Per Capita Income	Public Primary and Secondary School Enrollment	Unemployment Rate
1985	5,673	$12,619	965,222	5.2%
1984	5,598	12,583	966,110	5.1
1983	5,550	12,116	975,727	7.3
1982	5,485	11,353	989,548	6.9
1981	5,436	10,553	1,010,371	5.7
1980	5,347	9,413	1,031,403	4.7
1979	5,325	8,457	1,055,238	5.0
1978	5,284	7,623	1,082,184	5.2
1977	5,206	6,881	1,100,165	5.8
1976	5,133	6,333	1,103,669	6.1

Sources: U.S. Department of Commerce, Bureau of the Census
Tayloe-Murphy Institute
Department of Taxation
Department of Education
Virginia Employment Commission
Department of Planning and Budget

Schedule of Miscellaneous Statistics

June 30, 1985

Adoption of Virginia Constitution	1776
Form of Government	Legislative, Executive, Judicial
Land area (square miles)	40,817
Miles of State Highways	52,600
State Police Protection:	
Number of Stations	59
Number of State Police	1,387
Higher Education (Universities, Colleges, and Community Colleges):	
Number of Separate Institutions	39
Number of Educators	10,249
Number of Students	289,154
Recreation:	
Number of State Parks	35
Area of State Parks (acres)	50,705
Area of State Forests (acres)	50,000
Classified State Employees	83,524

Sources: Virginia State Library
Department of Highways and Transportation
Department of State Police
State Council of Higher Education
Division of Parks and Recreation
Division of Forestry
Department of Personnel and Training

—VIRGINIA STATE LIBRARY

With the 1904–1906 renovation and expansion campaign, the Virginia State Capitol essentially assumed its present appearance, as two symmetrical wings were added, along with the long-awaited south portico steps. Designed by Richmond architect John K. Peebles in a muted Classical Revival style, the subordinated wings accommodate the expanded chambers of the Senate and the House of Delegates. In addition to these changes, Peebles was responsible for some refinement of the classical detailing of the original Capitol, such as the added entasis on the south portico columns and the removal of the lunette windows in the pediment.

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